

# DRINKING WATER STATE REVOLVING FUND



2020  
ANNUAL REPORT



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## **I. Introduction**

Providing safe, abundant drinking water to Missourians requires almost continuous infrastructure additions and improvements. Since the program's inception, the Drinking Water State Revolving Fund (SRF) has been one of Missouri's primary funding sources for making investments in communities and the future of our state. The Drinking Water SRF program, managed by the Missouri Department of Natural Resources' Financial Assistance Center (FAC), on behalf of the Safe Drinking Water Commission (SDWC), makes low-interest loans to communities to help them meet their drinking water needs. The Department is committed to protecting Missouri's water resources that are so important to public health and its economy.

This report details the activities undertaken to reach the goals and objectives set forth in the Intended Use Plan (IUP) developed for 2020. It also describes progress made toward long and short term program goals, the sources and uses of all funds, financial status of the Drinking Water SRF program, and compliance with federal requirements.

## **II. Executive Summary**

This report addresses operation of the Drinking Water SRF program during the reporting period from October 1, 2019, through September 30, 2020, Federal Fiscal Year (FFY) 2020.

Missouri's Drinking Water SRF program was awarded \$19,411,000 in Environmental Protection Agency (EPA) capitalization grants during the reporting period. Missouri made four direct loans totaling \$10,593,000 and two SRF grants totaling \$2,948,000 during the reporting period. During this reporting period, no pooled leveraged loan closings occurred.

The Water and Wastewater Loan Revolving Fund (Fund 0602) was established to receive loan repayments, which are then used to make new loans. As of September 30, 2020, the Water and Wastewater Loan Revolving Fund had a balance of \$66,897,511. The Drinking Water SRF capitalization grant balance for Drinking Water SRF projects was \$31,972,050 as of September 30, 2020. The EPA capitalization grant balance related to the Drinking Water set-asides was \$10,529,773 as of September 30, 2020. The Drinking Water SRF capitalization grant balance total was \$42,501,823.

Since inception, Missouri's Drinking Water SRF program was awarded a total of \$416,722,331 in EPA capitalization grants and amendments through September 30, 2020. This amount includes an in-kind amount of \$1,444 on the FS997629-00 grant and an in-kind amount of \$100,000 for each of the FS997629-06 and FS997629-08 grants, and \$74,397 on the FS997629-11 grant. During State Fiscal Year (SFY) 2013, \$18,500,000 of Drinking Water SRF capitalization grant funds were transferred to the Clean Water SRF program. FS997629-07, FS997629-08, FS997629-09 and FS997629-10 Drinking Water SRF capitalization grants were amended to reflect this transfer of capitalization grant funds. In FFY 2014, \$5,000 was rescinded from the Drinking Water SRF capitalization grant. These amounts are not available to be drawn.

The Drinking Water SRF program has contributed state match of \$75,097,588, which included \$15,504,549 of state appropriations, \$42,276,597 of revenue bonds, \$7,085,242 of funds

contributed through rural water grants and a transfer of \$10,231,200 from the administration fee fund. Since inception of the program, the State of Missouri has made 73 leveraged loan commitments totaling \$250,735,000; 80 direct loan commitments totaling \$181,184,200; and 57 grant commitments totaling \$55,354,334.

Following is a list of all the Drinking Water SRF capitalization grant awards from the inception of the program through the 2020 reporting period.

<b>Drinking Water SRF Capitalization Grants</b>		
<b>Drinking Water SRF Federal Fiscal Year</b>	<b>Award Amount</b>	<b>Cumulative</b>
1997	\$21,856,417	\$21,856,417
1998	\$9,572,970	\$31,429,387
1999	\$10,034,771	\$41,464,158
2000	\$10,429,700	\$51,893,858
2001	\$10,472,900	\$62,366,758
2002	\$11,702,600	\$74,069,358
2003	\$11,633,700	\$85,703,058
2004	\$12,066,800	\$97,769,858
2005	\$12,041,273	\$109,811,131
2006	\$15,978,200	\$125,789,331
2007*	\$15,978,000	\$141,767,331
2008*	\$15,816,000	\$157,583,331
2009*	\$15,816,000	\$173,399,331
2010*	\$26,234,000	\$199,633,331
ARRA	\$37,862,000	\$237,495,331
2011	\$18,204,000	\$255,699,331
2012	\$17,348,000	\$273,047,331
2013	\$16,277,000	\$289,324,331
2014**	\$17,850,000	\$307,174,331
2015	\$17,738,000	\$324,912,331
2016	\$16,781,000	\$341,693,331
2017	\$16,637,000	\$358,330,331
2018	\$19,582,000	\$377,912,331
2019	\$19,399,000	\$397,311,331
2020	\$19,411,000	\$416,722,331

\*The original grant amount is listed in this table. These grants were amended.

\*\*This grant amount reflects the federal rescission.

Following is a summary of Drinking Water SRF binding commitments. The cumulative total of Drinking Water SRF binding commitments as of September 30, 2020, is \$487,273,534. The Drinking Water SRF program has never had a recipient default on any loan.

Binding Commitment Summary	
Cumulative Binding Commitments	Amount
Leveraged Loans	\$250,735,000
Direct Loans (excludes Loans Paid with Leveraged Loans)	181,184,200
ARRA Grants	18,948,152
SRF Grants	36,406,182
Total Binding Commitments	\$487,273,534

### III. 2020 Binding Commitments

The Department entered into four direct loan commitments as well as two grant commitments totaling \$13,541,000 during the reporting period.

Missouri typically provides additional subsidization as grant due to the state's statutory requirement that municipalities utilize bond authority to accept principal forgiveness or negative interest subsidies. However, after passage of the America's Water Infrastructure Act (AWIA) in 2018, the Department is required to make additional subsidies available through principal forgiveness rather than grant with a specified percentage of its capitalization grant, beginning with the 2019 capitalization grant. During this reporting period, program funds were committed to eligible projects through a combination of up to 50 percent grant and the remaining portion as a loan with a maximum grant of \$2,000,000 per recipient. Disadvantaged communities were eligible for additional subsidization in an amount up to 75 percent of the project with a maximum grant of \$2,000,000 per recipient.

Drinking Water SRF Commitments for FFY 2020					
Recipient	Total Amount	Loan Amount	Grant Amount	Date	Project ID
Marshfield	\$ 6,164,000	\$ 6,164,000	\$ -	1/15/2020	DW291148-04
Madison Co PWSD #1	3,369,000	1,369,000	2,000,000	2/7/2020	DW291364-01
Centralia	2,744,000	2,744,000	-	6/5/2020	DW291366-01
Laurie	1,264,000	316,000	948,000	6/5/2020	DW291312-02
2020 Total	\$13,541,000	\$10,593,000	\$2,948,000		

### IV. Cumulative Binding Commitments

Exhibit 1 provides a listing of the binding commitments since the inception of the program. The cumulative total Drinking Water SRF binding commitments on September 30, 2020, was \$487,273,534.

Since the inception of the Drinking Water SRF program, 210 binding commitments have been made. Of the 210 binding commitments entered into, 73 were leveraged loans, 80 were direct loans and 57 were grants. Three interim direct loans, which are not included in the binding commitment totals, were repaid and replaced with a leveraged loan.

The innovative financing provided through the Drinking Water SRF program allows communities to save a considerable percentage of the interest cost of conventional loans. To date, Missouri's Drinking Water SRF program has saved communities an estimated \$133,997,251 in lower interest compared to the higher interest rates of conventional financing. Additional subsidization through the Drinking Water SRF program has saved communities an estimated \$55,354,334.

## **V. Drinking Water SRF Applications and Loans Awarded**

Below is a summary of the number of new and carryover Drinking Water SRF applications for the 2020 reporting period. This information was taken from the IUP for FFY 2020.

<b>Drinking Water SRF Applications</b>	
<b>Projects Accepted</b>	<b>FFY 2020</b>
Number of New Projects	10
Number of Carryover Projects	10
Total Number of Projects	20
Total Amount Requested of New Projects	\$36,602,862
Total Amount Requested of Carryover Projects	\$25,347,520
Total Amount Requested of Projects	\$61,950,382
Total Population Served for New Projects	47,529
Total Population Served for Carryover Projects	19,647
Total Population Served	67,176

The table below summarizes the number of projects approved, the amounts of the loans, grants and the total population served for those projects.

<b>Drinking Water SRF Loan Projects Approved and Loans Awarded</b>	<b>FFY 2020</b>
Number of Projects Approved	4
Total Amount of Loans Closed	\$10,593,000
Total Amount of Grants Closed	\$2,948,000
Total Population Served	12,614

The following table shows the cumulative Drinking Water SRF leveraged loan closings since the beginning of the program.

<b>Cumulative Drinking Water SRF Leveraged Loans</b>				
<b>Bond Pool</b>	<b>Number of Loans</b>	<b>Total Loan Amount</b>	<b>Average Subsidized Interest Rate + 0.5 Administration Fee</b>	<b>Cumulative Amount</b>
1998A	2	\$28,795,000	3.58%	\$28,795,000
1999A	1	\$2,315,000	3.57%	\$31,110,000
1999B	2	\$4,320,000	4.07%	\$35,430,000
2000A	6	\$20,490,000	4.01%	\$55,920,000
2000B	4	\$6,810,000	3.87%	\$62,730,000
2001A	4	\$6,295,000	3.43%	\$69,025,000
2001C	7	\$23,400,000	3.95%	\$92,425,000
2002A	4	\$10,370,000	2.93%	\$102,795,000
2002B	4	\$26,705,000	2.93%	\$129,500,000
2003B	4	\$11,445,000	2.68%	\$140,945,000
2003C	5	\$11,290,000	2.20%	\$152,235,000
2004B	2	\$3,605,000	2.13%	\$155,840,000
2004C	5	\$9,720,000	2.13%	\$165,560,000
2005A	3	\$28,105,000	2.27%	\$193,665,000
2005C	4	\$29,780,000	1.84%	\$223,445,000
2006A	3	\$2,000,000	2.05%	\$225,445,000
2006B	1	\$2,295,000	2.08%	\$227,740,000
2007A	6	\$11,805,000	1.83%	\$239,545,000
2007B	1	\$385,000	2.01%	\$239,930,000
2008A	5	\$10,805,000	2.13%	\$250,735,000

The table below summarizes the cumulative Drinking Water SRF direct loans since the program moved to cash flow direct loans.

<b>Cumulative Drinking Water SRF Cash Flow Direct Loans</b>				
<b>Period Ending</b>	<b>Number of Loans</b>	<b>Total Loan Amount</b>	<b>Average Subsidized Interest Rate + 0.5 Administration Fee</b>	<b>Cumulative Amount</b>
June 30, 2008	1	\$4,163,000	1.90%	\$4,163,000
June 30, 2009	1	\$2,900,000	2.23%	\$7,063,000
June 30, 2010	21	\$24,426,700	1.99%	\$31,489,700
June 30, 2011	5	\$2,692,900	2.37%	\$34,182,600
June 20, 2012	6	\$12,344,000	2.24%	\$46,526,600
June 30, 2013	9	\$7,153,600	2.08%	\$53,680,200
Sept. 30, 2014	6	\$30,090,000	2.03%	\$83,770,200
Sept. 30, 2015	7	\$7,893,000	1.82%	\$91,663,200
Sept. 30, 2016	6	\$53,540,000	1.61%	\$145,203,200
Sept. 30, 2017	8	\$19,051,000	1.66%	\$164,254,200
Sept. 30, 2018	4	\$3,334,000	1.68%	\$167,588,200
Sept. 30, 2019	2	\$3,003,000	1.51%	\$170,591,200
Sept. 30, 2020	4	\$10,593,000	1.34%	\$181,184,200

## **VI. Objectives and Goals of the Drinking Water State Revolving Fund**

Each year the Department evaluates the operations and the financial structures of the SRF program to gauge program effectiveness. This evaluation includes a qualitative assessment of the Department's progress toward meeting long and short term goals established in the FFY 2020 IUP.

### **Long Term Objectives and Goals**

In order to meet the long term objectives of improving the Drinking Water SRF's operations and services to its clients, the Department developed the following goals:

1. Protect public health by ensuring Missouri citizens using public water supplies will have water that is safe to drink.
2. Increase the long-term sustainability of existing and proposed water systems, and encourage projects to consolidate, interconnect or regionalize drinking water systems.
3. Provide below-market rate financial assistance.
4. Maintain the long-term integrity of the revolving fund by applying prudent financial standards to assistance provided to participants.
5. Encourage systems to choose projects with the most cost-effective solutions.
6. Protect source water for drinking water systems.

7. Implement efficiency efforts to expedite the funding of projects.
8. Continue to implement and enhance the Department's Capacity Development Program, which implements a strategy to improve the technical, managerial, and financial (TMF) capacity of Missouri's public water systems. Additional information is available at [dnr.mo.gov/env/wpp/cap-dev.htm](http://dnr.mo.gov/env/wpp/cap-dev.htm).

### **Short Term Objectives and Goals**

In order to meet the short term objectives of improving the immediate operations and the availability of services to its clients, the Department developed the following goals:

1. Implement a focused marketing strategy to increase use of the Drinking Water SRF program.
2. Have the Drinking Water SRF priority point criteria and readiness to proceed criteria updated and approved by the Missouri Safe Drinking Water Commission at least 60 days prior to the initial application receipt deadline (February 15, 2020).
3. Secure source of state match for federal capitalization grants.

## **VII. Progress Toward Achieving Objectives and Goals**

This section of the annual report describes the progress that has been made in meeting those long and short term objectives and goals for the period from October 1, 2019, to September 30, 2020.

### **Progress Toward Meeting the Long Term Objectives and Goals**

The objectives were developed to meet the long term (three to five years) goals of improving the Drinking Water SRF's operations and services to its participants.

Goal 1: Protect public health by ensuring Missouri citizens using public water supplies will have water that is safe to drink.

The Department continues to meet this objective by providing affordable financing to public water systems for drinking water infrastructure improvements. These improvements allow public water systems to continue providing safe, clean and abundant drinking water to the citizens of Missouri. Department project managers market the program and assist each applicant to successfully navigate the SRF process and reach a binding commitment. During the reporting period, four projects entered into funding commitments.

The Department's Public Drinking Water Branch (PDWB) continues to provide oversight of all public water systems in the state to promote compliance with the Safe Drinking Water Act (SDWA). The PDWB uses set-aside funding to assist public water systems with compliance and public health issues by implementing and administering activities described in Section VIII of this report.

Goal 2: Increase the long-term sustainability of existing and proposed water systems, and encourage projects to consolidate, interconnect or regionalize drinking water systems.

The Department's SRF staff work with PDWB staff to identify small and struggling systems and encourage funding options that promote system sustainability, with an emphasis on regionalization and consolidation.

The Department's priority point criteria is designed to allocate funding to eligible projects that address the most serious risks to human health, ensure compliance with requirements of the Safe Drinking Water Act, and assist systems most in need. This ensures funding of those most-needed projects. Staff evaluates each applicant's TMF capacity, and provides coaching during project development that improves each applicant's TMF knowledge and capacity.

The Department works with each applicant as their project is developed to evaluate all appropriate alternatives, and interconnection or regionalization must be considered. Staff then works with the applicant to select the method that best addresses the system's drinking water needs in a manner that enhances long term sustainability.

#### Goal 3: Provide below-market rate financial assistance.

The program provided loans at an average interest rate of 1.01 percent, a reduction of 0.14 percent from the 2019 three year average, over the past three years. The Department utilizes a cash flow management strategy that forecasts available funds in the next several funding cycles. This allows the Department to commit funds based on current funds, anticipated repayments and estimated disbursements for all projects during the life of construction. This accounts for the lag between IUP listing and disbursement of loan funds over a two to three year period after the binding commitment. Modeling cash flow enables the Department to utilize all available funds and realize the full potential of the revolving fund to help communities. The Department continues to evaluate the program structure to ensure the program provides a stable source of funding for drinking water infrastructure projects well into the future.

#### Goal 4: Maintain the long-term integrity of the revolving fund by applying prudent financial standards to assistance provided to participants.

The Department utilizes a robust credit evaluation process. All applicants are required to provide a completed due diligence questionnaire that includes a variety of information, including 3-5 years of financial history and a user rate analysis. Department technical and financial staff review all submittals to verify that the applicant has a sound financial capacity and that projected future revenue is sufficient to address both operation and maintenance and debt service.

#### Goal 5: Encourage systems to choose projects with the most cost-effective solutions.

The Department coordinates with applicants throughout the project development process, thoroughly reviews the facility plans and scopes of work for each project, and provides input to encourage the most cost-effective solutions.

#### Goal 6: Protect source water for drinking water systems.

The Department's priority point criteria awards points for projects that include source water protection. The Department uses set-asides to protect source water for public drinking water systems through a grant available to community water systems to plug abandoned wells that pose a threat to the drinking water aquifer.

Goal 7: Implement efficiency efforts to expedite the funding of projects.

The Department continues to engage in efforts to evaluate and streamline processes associated with the Drinking Water SRF program to reduce barriers to and improve ease of participation. Policy and procedure changes during FFY 2020 that improved internal efficiency and customer service included transition from paper to electronic documents and financial approval processes and process time studies. Also, after streamlining of internal application review processes the Department extended the annual SRF application deadline that was previously February 15 to March 1.

Goal 8: Continue to implement and enhance the Department's Capacity Development Program, which implements a strategy to improve the technical, managerial, and financial capacity of Missouri's public water systems. Additional information is available at [dnr.mo.gov/env/wpp/cap-dev.htm](http://dnr.mo.gov/env/wpp/cap-dev.htm).

The Department assists applicants with the review of their operations, financial stability, infrastructure needs, and ability to maintain or achieve compliance with Drinking Water Regulations.

The PDWB uses set-aside funding to develop, update, and implement Missouri's Capacity Development Strategy, which is a comprehensive plan for assisting all public water systems with their TMF viability. The PDWB evaluates the TMF capacity of new community and nontransient-noncommunity systems to ensure they can provide safe and adequate drinking water over the long term.

### **Progress Toward Meeting the Short Term Objectives and Goals**

The objectives were developed to meet the short term (one to three years) goals of improving the Drinking Water SRF's immediate operations and the availability of services to its participants:

Goal 1: Implement a focused marketing strategy to increase use of the Drinking Water SRF program.

The Department hosted two webinars on statewide infrastructure needs and funding opportunities for drinking water systems and wastewater treatment systems during FFY 2020. These workshops, attended by 140 local leaders statewide, describe how to plan, pay for, and build water infrastructure projects using financial assistance from state and federal agencies, and are expected to attract applicants.

The Department also marketed the SRF programs with an exhibit at fall 2019 conferences. These events provide one-on-one discussion with operators, city clerks, mayors, engineers, and others on the financial assistance that the Department can provide for their projects.

The Department offers planning grants to small communities through the Engineering Report Grant program. After the grant-funded engineering report is complete, Department staff discusses funding opportunities and SRF benefits with the system.

Goal 2: Have the DWSRF priority point criteria and readiness to proceed criteria updated and approved by the Missouri Safe Drinking Water Commission at least 60 days prior to the initial application receipt deadline (February 15, 2020).

This objective was accomplished on October 16, 2019.

Goal 3: Secure source of state match for federal capitalization grants.

In October 2018, state match revenue bond series 2018A was issued by the Environmental Improvement and Energy Resources Authority (EIERA) to provide funding for new loans.

## **VIII. Set-Aside Activities**

When Congress established the Drinking Water SRF program in 1996, it included special provisions called “set-asides” to help states achieve the public health protection objectives of the SDWA. The set-asides provide funding to enhance state public drinking water programs and assist systems with non-infrastructure needs.

The SDWA establishes four categories of set-asides and sets limits on the maximum percent of the capitalization grant. States may reserve up to 31 percent of each year’s capitalization grant for set-aside activities. The PDWB administers these set-asides. Listed below are each of the set-asides and the related activities the Department funded during this period.

### **Administration and Technical Assistance Set-Aside (4 percent)**

The SDWA allows states to use up to 4 percent of each capitalization grant for administration of the programs established under SDWA §1452 (Drinking Water SRF programs) and for technical assistance to public water systems of any size. The Department reserved the entire authorized 4 percent allowed for this set-aside and used it for costs of administering the loan program. The Department will reserve any unused amounts of the set-aside authority for future set-aside expenditures.

Costs associated with administering the Drinking Water SRF loan program included paying salaries and associated expenses of program personnel administering the loan program. In the time-frame covered by this report, the Department used this set-aside to assist applicants and loan recipients, review projects, prioritize projects, issue loans, track repayments, and perform project inspections. The Department also uses this set-aside for all expense and equipment such as personal protective equipment, office supplies, training, etc. for the Drinking Water SRF loan program staff.

### **Small System Technical Assistance Set-Aside (2 percent)**

The SDWA allows states to use up to 2 percent of each capitalization grant for technical assistance to public water systems serving 10,000 people or less. The Department reserved the entire authorized 2 percent of the capitalization grant for this set-aside. The Department used this set-aside to provide Engineering Report Services Grant subawards to water systems for engineering reports, for a portion of the salaries and expenditures to administer the subawards, and staff that provide other small system technical assistance. In July 2020, the Department also transitioned the Operator Certification Voucher Program to this set-aside. A description of the

voucher program is included under the Local Assistance and Other Program Set-Aside. The Department reserves any unused amounts of this set-aside authority for future set-aside expenditures.

#### *Engineering Report Services Grant Subawards*

In January 2020, the Department transferred this grant program to the FAC and no longer uses set-aside funds for this purpose. Due to this transition, there were no new subawards issued from the PDWB in FFY 2020.

The Department awarded subawards to 13 systems from the 2019 round of applications in September 2019 totaling \$243,108. The water system and the engineering firm had six months to develop the engineering report and submit it for review and approval by the Department. The Department received reports between February 26, 2020 and March 30, 2020, and approved those reports by August 24, 2020.

The engineering report is the first step toward implementing changes that will help small systems achieve and maintain TMF capacity, and comply with the National Primary Drinking Water Regulations and the Missouri Safe Drinking Water Law and regulations. The following table shows TMF improvement and construction projects for systems that received subawards from 2008 through 2019.

<b>Federal Fiscal Year</b>	<b>No. of Engineering Report Grant Subawards Awarded and Completed</b>	<b>No. of Construction/TMF Projects Initiated</b>	<b>Percent of Construction/TMF Projects Initiated</b>
2008	26	18	69%
2009	18	7	39%
2009 ARRA	58	44	76%
2011	57	46	81%
2013	77	57	74%
2015	48	34	71%
2016	18	10	50%
2017	16	10	63%
2018	16	7	44%
2019	13	3	23%

#### *Operator Certification Vouchers*

See the Local Assistance and Other Program Set-Aside for more information on this program.

#### **Public Water System Supervision Program Management Set-Aside (10 percent)**

States can use up to 10 percent of each capitalization grant for the Public Water System Supervision (PWSS) program. The Department reserved the entire 10 percent of this set-aside. The Department uses this set-aside for required primacy program activities, and operator

certification, capacity development, source water protection activities, and a portion of the salaries and expenditures to administer the activities. The Department reserves any unused amounts of the set-aside authority for future set-aside expenditures.

#### *Capacity Development*

The Department reports capacity development activities and accomplishments to EPA annually in the Department's annual State Capacity Development Program Implementation Report and to the public in the Department's triennial Capacity Development Report to the Governor. The Department submitted the Capacity Development Report to the Governor this year on September 30, 2020.

#### *Operator Certification*

The Department reports operator certification activities and accomplishments to EPA in the Department's annual Operator Certification Report.

#### *Primacy Program*

This set-aside provides funding critical for the Department's implementation of the public drinking water primacy program; including activities such as program administration, rule development, primacy applications, compliance and enforcement, inspections and sanitary surveys, information and data management, reports, record keeping and all other activities required of a primacy program. The Department reports these activities under the Public Water System Supervision Performance Partnership Grant.

### **Local Assistance and Other State Programs Set-Aside (15 percent)**

The SDWA allows states to set aside up to 15 percent of the Drinking Water SRF capitalization grant for the following activities:

- Create special loan programs for source water protection;
- Provide technical and financial assistance to public water systems as part of a capacity development strategy; and
- Establish and implement a wellhead protection program under Section 1428 of the SDWA.

For the period covered by this report, the Department set aside 15 percent from the capitalization grant to support capacity development, wellhead protection, and source water protection activities. The Department has not established a loan program for source water protection.

The Department funded the following activities with this set-aside during this reporting period:

- Contracts for circuit riders to provide training and technical assistance to water systems;
- Operator certification vouchers to water systems to pay operator's training and certification costs;
- Subawards to community water systems that use groundwater and plug abandoned wells that may threaten the aquifer;

- A cooperative agreement with the Missouri Geological Survey (MGS) for vulnerability assessment activities, casing depth determinations for public wells and updates to the Safe Drinking Water Inventory System; and
- A contract with the University of Missouri for maintenance of public water system source water assessment and delineation information.

### *Circuit Riders*

In FFY 2020, the Department contracted with technical experts from MRWA, also known as circuit riders, to assist public drinking water systems facing TMF capacity challenges. Circuit riders provided assistance for water loss, rates and reserves, treatment, disinfection, asset management, distribution mapping, natural disasters, operator certification, and source water protection. They primarily focused their efforts on systems that had difficulty obtaining resources to achieve and maintain TMF capacity. During assistance visits, circuit riders often address more than one issue encountered at the system.

During FFY 2020, circuit riders provided 293 onsite and offsite assistance visits to 135 public water systems statewide. Requests for circuit rider assistance with water loss and financial assistance outpaced all other TMF capacity requests. In FFY 2020, 72 percent of the assistance provided was technical in nature, while managerial and financial assistance efforts were 10 and 18 percent, respectively.

To increase system knowledge of TMF capacity principles, circuit riders focus efforts on the correlation of water loss to rates and reserves. By linking water loss to revenue, systems learn about the technical aspects of locating and repairing a water leak, the managerial importance of documentation and budget keeping, and the financial benefit of reduced water loss.

### *Water Loss*

Because of the high level of system interest in, and requests for, leak detection, the Department provided more water loss and leak detection efforts than any other circuit rider assistance. Water loss and leak detection visits assist systems in identifying nonrevenue water, including real or physical losses of water as well as apparent losses. Identification and reduction of nonrevenue water is a major component to achieving and maintaining TMF capacity.

Promptly repairing leaks may result in cost savings by recovering otherwise lost water and reducing electrical and chemical costs, wear and tear on pumps, equipment and repair costs, labor and materials. It also reduces customer inconvenience. In FFY 2020, circuit riders performed 70 leak detection visits using specialized equipment. The repair of leaks resulted in nearly 47 million gallons of water saved over the reporting period and approximately \$24,000 in monthly electrical and chemical savings. Long-term leaks, or those that leaked known periods longer than one month, totaled over 272 million gallons of lost water over the course of the leaks. One leak found by the circuit rider and repaired by water system personnel leaked for 11 years, causing significant loss to the system in terms of cost to treat the water along with wear and tear on equipment.

### *Rate Studies*

Rate assistance helps water utility personnel and management understand the necessity of rate adjustments in order to ensure revenues cover the expenditures of the system. During a system visit to discuss rates and reserves, the circuit rider also discusses budgeting, asset inventory and management, and strategic planning. In FFY 2020, the circuit rider began rate assessments for 20 systems and concluded rate studies for 19 systems. After completion of the rate assessment, the circuit rider presents results to the water system decision makers, if desired by the system. During FFY 2020, seven systems implemented new rates to cover necessary expenses and reserves because of a rate study. The rate adjustments ranged across the state from \$8.22 to \$21.00 per 5,000 gallons. Of the rate studies completed in FFY 2020, five systems were determined to have current rates so the circuit rider did not recommend a rate increase.

### *Operator Certification Vouchers*

The Department issues drinking water training vouchers annually to nearly 1,500 community and nontransient-noncommunity water systems that serve 3,300 people or less. Systems may use vouchers to pay for operator certification fees, eligible drinking water training fees, for renewal training of existing operators, or expenses related to the certification of a new operator. The system determines which of its personnel can use the vouchers, giving the system the flexibility to manage the vouchers in a manner that best meets its needs.

In FFY 2020, qualifying distribution systems receive \$625 and treatment systems receive \$950 in voucher funds. The system's classification (distribution or treatment) determines the amount of funds allocated.

In FFY 2020, 686 certified operators representing 574 drinking water systems used vouchers. The Department received \$206,265 in vouchers for processing, which may differ from the amount paid during this reporting period. The probable cause in the reduction of the number of vouchers the Department received is the COVID-19 pandemic. Safety measures implemented due to COVID-19 caused a reduction in the available in-person courses and conferences for certified operators. However, trainers quickly transitioned to providing virtual training, much of which was initially free, which also contributed to lower usage of vouchers.

In July 2020, the Department transitioned the voucher program to the 2% set-aside.

### *Wellhead and Source Water Protection*

The Department funded wellhead and source water protection activities with set-asides in this reporting period. Groundwater-based community water systems serve more than 2.1 million Missouri residents. There is also an estimated 500,000 abandoned water wells across the state. These wells present a real and serious threat to Missouri's groundwater aquifers if not properly plugged. Since 2006, the Department has provided Abandoned Well Plugging grants to groundwater-based public water systems to plug more than 100 abandoned water wells located within public water system source water or service areas across the state. During FFY 2020, the Department offered a total of \$25,188 to groundwater-based water systems through four abandoned well plugging awards.

## *Missouri Geological Survey*

The MGS issued 42 estimated casing depth letters to community and nontransient-noncommunity systems and 16 final casing depth approval letters. MGS also conducts vulnerability assessment activities, and completed the Vulnerability Assessment Report in November of 2019. This report allows the Department to reduce the monitoring frequency for eligible chemicals.

## *Center for Applied Research and Environmental Systems*

The Department contracted with the University of Missouri's Center for Applied Research and Environmental Systems (CARES) to maintain public water system source water assessment and delineation information and to refine and revise the susceptibility determination assessments, which water systems can use to improve protections for the source of its drinking water. CARES maintains a public website with maps of Missouri public water systems, showing source water locations, potential contamination sites, and other data. In FFY 2020, the CARES website received more than 1,900 visits.

## **IX. Maintaining Drinking Water SRF Financial Assistance Programs**

The Department operates a number of financial assistance programs for drinking water infrastructure.

### **Financial Assistance Programs**

#### **1. Direct Loan**

The Department's primary financial tool to fund public drinking water improvements is the Drinking Water SRF Direct Loan program. For the 2020 reporting period, the Department reserved 69 percent of the annual capitalization grant for direct loans and grants (grants are discussed in the next paragraph). The subsidy rate for all loans awarded during this reporting period was 70 percent of the market interest rate. In this reporting period, the Department awarded \$10,593,000 in direct loans to four different drinking water systems. These loans all have a 20 year term.

#### **2. Additional Subsidization**

The FFY2020 Drinking Water SRF capitalization grant requires that at least 14 percent of the capitalization grant be used to provide additional subsidization to eligible recipients. In addition, America's Water Infrastructure Act (AWIA) of 2018 amended the SDWA to require states to provide loan subsidies, in the form of principal forgiveness or negative interest loans, to disadvantaged communities in an amount totaling between 6 percent and 35 percent of the capitalization grant awarded. For this reporting period, the Department reserved \$2,717,540 of the capitalization grant for additional subsidies in the form of Drinking Water SRF grants and \$1,164,660 in the form of principal forgiveness. Drinking Water SRF grant funds were awarded to eligible, non-disadvantaged communities' projects through a combination of up to 50 percent grant and a direct loan for the remaining project amount, with a maximum grant of \$2,000,000 per recipient. The Department offered a higher percentage grant for disadvantaged communities. A disadvantaged community is any community with a population of less than 3,300, whose user

rates will be at or above 2 percent of the recipient median household income and the recipient median household income is at or below 75 percent of the state average as determined by the most recent decennial census. Projects for a disadvantaged community may be funded through a combination of up to 75 percent grant and 25 percent loan with a maximum grant of \$2,000,000 per recipient. In this reporting period, the Department awarded \$2,948,000 in grants to two different drinking water systems.

### **Order of Priority for Distribution of Loan and Additional Subsidization Funds**

For this reporting period, the Department developed written criteria to prioritize the ranking of projects for loans and additional subsidization so that the most serious problems were given the highest priority. Consistent with the Federal SDWA, priorities are based on protection of public health, compliance, and household affordability. The SDWC annually approves the criteria after public review. Further, it is the Department's policy to prioritize financial assistance to communities that cannot otherwise afford conventional financing. To meet this goal, the Department uses the following criteria listed in order of priority:

1. Projects serving disadvantaged communities on any fundable list based on priority ranking in the order of highest ranking;
2. Projects on the Very Small Community 20 percent Reserve Fundable List based on priority ranking;
3. Projects on the Small Community 15 percent Reserve Fundable List based on priority ranking; and
4. Projects on the General Community 65 percent Reserve Fundable List based on priority ranking.

Available capitalization grant funds, state match revenues, interest earned, and additional subsidization funds for this reporting period were allocated to projects according to priority ranking.

### **Project Reviews**

The application deadline for new 2020 projects was February 15, 2019 in order to receive first consideration for available grant and loan funds. However, applications are accepted at any time to maximize use of funds.

The Department reviews all applications for eligibility, ranks eligible projects and lists projects on the IUP. Eligible loan recipients are community water system. Projects include expenditures of a type that facilitate compliance with the SDWA and advance the public health purposes of the SDWA. In order to proceed to a binding commitment, the Department reviews the applicant's financial capacity, engineering documents, environmental documents, contracts and ordinances for compliance with state and federal requirements.

### **Small System Allotment**

Section 640.107 of the Missouri Safe Drinking Water statute requires that the Drinking Water SRF program allocate a portion of available funds to small systems. Loans for systems serving less than 10,000 people must be given priority consideration for no less than 35 percent of the

available funds. Loans for systems serving 3,300 people or less must be given priority consideration for at least 20 percent of the available funds.

As of the end of the 2020 reporting period, the Department has awarded a cumulative total of 153 drinking water loans and 57 grants to 122 different community public water supply systems for a total of \$487,273,534. Of the 210 loans and grants awarded, 119 loans and 52 grants were awarded to water systems serving populations of less than 10,000.

These 171 loans and grants totaled \$233,407,034, or approximately 48 percent of the total. Therefore, the amount of the SRF loan program funds awarded to systems serving less than 10,000 is above the minimum 35 percent required by the Missouri Safe Drinking Law, and well above the 15 percent minimum required by the Federal SDWA. Exhibit 1 summarizes the leveraged and direct loans awarded since the beginning of the program.

The following table summarizes the loans awarded in this reporting period, including the need category related to each project.

Drinking Water SRF Loans Awarded in FFY 2020						
	Amount Awarded	Project Categories				
		Source	Treatment	Storage	Transmission/ Distribution	Other
Marshfield	Loan: \$ 6,164,000	X	X	X		
Madison County PWSD #1	Loan: \$ 1,369,000 Grant: \$ 2,000,000	X		X	X	
Centralia	Loan: \$ 2,744,000		X			
Laurie	Loan: \$ 316,000 Grant: \$ 948,000				X	
Total for 2020	Loan: \$10,593,000 Grant: \$ 2,948,000					

The following table provides a description of Drinking Water SRF projects awarded in this reporting period.

<b>Drinking Water SRF Projects Approved in FFY 2020</b>	
Water System Name Award Amount	Project Description
Marshfield \$6,164,000	<p>The project consists of: Storage Improvements: The proposed water storage improvements consist of constructing a new 300,000 gallon elevated storage tank along Elm Street that will include all specified accessories, a connection to the existing water distribution system, security fence, and all associated electrical work. The Project also includes rehabilitating two existing tanks, Warren and Blue Jay, by making piping revisions, ventilation improvements, safety upgrades, and repainting the interior of the Blue Jay Tank. Mixing equipment will be also installed in the Warren, Blue Jay, and the new Elm Street tank. The painting of the Participant's logo on the new Elm Street Tank is not eligible for SRF reimbursement.</p> <p>Supply Improvements: The water supply improvements consist of the rehabilitation of an existing well house and the replacement of two others. Well No. 5 will be rehabilitated to accommodate disinfection facilities and the addition of phosphate and caustic feed systems. The well houses for Wells No. 3 and 4 will be replaced and will include separate rooms to accommodate disinfection facilities and the addition of phosphate and caustic feed systems. Standby generators will be added to Wells No. 3 and 5.</p> <p>Distribution Improvements: The distribution improvements consist of the installation of approximately 2,600 feet of 12-inch and 100 feet of 6-inch polyvinyl chloride (PVC) pipe, valves, and appurtenances to replace cast iron mains. The Project also includes the installation of new water mains at Wells Nos. 4 and 5 for chlorine contact time. This installation includes approximately 800 feet of 10-inch PVC pipe at Well No. 4 and approximately 600 feet of 12-inch PVC pipe at Well No. 5. The distribution improvements will also include approximately 2,500 feet of additional cast iron water main replacement. The distribution improvements also include the purchase of approximately 2,958 water meters that will be installed by the Participant's personnel. Upgrading the Participant's water meter reading system from an automatic meter reading (AMR) system to an advanced metering infrastructure (AMI) system is also included in the Project. All required hardware, software, components and appurtenances required for a complete and functional city-wide water meter reading system will be provided.</p> <p>Treatment Improvements: The water treatment improvements consist of the addition of phosphate and caustic feed systems to each well.</p>

	<p>The necessary chemical storage tanks, pumps, and feed lines are included as a part of the Project, as well as a chlorine analyzer to be added at each well house. A chlorine feed system and analyzer will also be installed at the new elevated storage tank.</p> <p>The Project also includes the refinancing of the Participant's Refunded Bonds.</p>
Madison County PWSD #1 \$3,369,000	<p>The project consists of: Distribution Improvements: These improvements include the replacement of approximately 21,600 feet of water mains along Highway C, along County Road 401, and throughout the Millcreek area. This includes all required fittings, valves, hydrants, service connections, meters and other necessary appurtenances. The improvements will also include the addition of pressure reducing stations and SCADA modifications and improvements.</p> <p>Supply Improvements: These improvements include the drilling of a new well and construction of a new well house in the Millcreek area on Business 67. Chlorination equipment will be included as part of the new well house. These improvements also include updates to the existing well, which consists of a new high service pump with a variable frequency drive, an automated chlorination monitoring system, a new chlorine storage building, and rehabilitation of the well control panel.</p> <p>Storage Improvements: These improvements include the construction of a new 100,000-gallon elevated storage tank near Highway H, all the necessary appurtenances for the new tank, and security fencing around the site. The current Highway H standpipe will be disconnected from the system and replaced by the new tank. These improvements also consist of upgrades to the existing C Highway Tank, which will include a flapper valve, a new OSHA approved ladder, ladder guard, manway, steel gate chain, and the sandblasting and repainting of the interior and exterior of the tank.</p>
Centralia \$2,744,000	The project includes the replacement and upgrade of several components of the Participant's Water Treatment plant and the addition of a new generator. The heating and ventilation systems, electrical systems, and instrumentation and controls will be upgraded at the well houses.
Laurie \$1,264,000	The Project consists of replacing approximately 11,500 feet of 4-inch PVC waterline along Route O between The Good Shepherd Nursing Home and the Indian Rock Golf Course subdivision (Eagle Avenue) along with the construction of a pressure reducing station. The Participant plans to install an 8-inch line in lieu of a 6-inch line. Only the cost of the 6-inch line will be an Eligible Cost.

## **X. EPA Recommendations on Performance Evaluation Report/Annual Program Review**

Staff from EPA Region 7 conducted a virtual program evaluation of the FFY 2019 Drinking Water SRF program on June 9 through June 11, 2020. The final program evaluation report for the SRF program included the following recommendations and observations:

1. The Annual Report was received on December 31, 2019. EPA Region 7 commends Missouri for the timely submission of the FY 2019 Annual Report and for their commitment of annual independent audits.
2. Region 7 found Missouri's Plan to address timely and expeditious use of funds to be detailed. Starting October 1, 2020, Missouri will provide semi-annual updates to the plan, and participate in a conference call to discuss. Region 7 has established calls for October 1, 2020 and January 7, 2021 to discuss plan implementation.
3. Missouri has conducted three years of face-to-face financial workshops and will continue this next year. Based on expected loan closings in SRF year 2020, it appears these marketing efforts are increasing loans.
4. Compliments to Sara Pringer for her work to create an SRF-specific cash flow management modeling program. She presented the model last summer and provided an update during the 2019 review. The model shows that Missouri's DWSRF could loan an average of \$63 million per year over the next five years.
5. MoDNR's project files were well organized and no improper payments were found during the cash draw transaction testing review.

## **XI. Proposed Improvements**

The Department's FAC engages in continual marketing efforts intended to communicate the benefits of the Drinking Water SRF program. The Department also continues to evaluate the program's administrative procedures to streamline processes and improve customer service.

## **XII. Policy Summary**

The Department has implemented regulations and policies to ensure the long term fiscal health of the Drinking Water SRF program, attain and maintain compliance with the SDWA, and carry out other provisions of the law. The Department protects the financial health of the Drinking Water SRF program by reviewing the creditworthiness of applicants, attaining proper surety and cross-collateralization.

- Water Protection Program's FAC and the EIERA review the creditworthiness of applicants to make sure they can safely meet their obligations in the loan program.
- As a form of surety, publicly-owned entities must offer revenue or general obligation bonds. Privately-owned entities may offer other appropriate forms of surety. To date, the Department has not entered into loan agreements with privately-owned systems.

- The Drinking Water SRF program is cross-collateralized with the Clean Water SRF program as authorized by federal (P.L. 105-66) and state law (section 644.122, RSMo).

The Department attains and maintains compliance with the SDWA by setting priorities and reviewing projects.

- As previously addressed, priorities for projects funded through the loan program are approved annually by the SDWC after public review. The resulting criteria express priorities as a point system by which the Department ranks loan applicants. The Department awards points to projects that address SDWA compliance, public health, affordability on a per household basis, and security issues.
- The Department reviews all applicants for eligibility and assigns priority points before issuing its IUP. Before loan closing, the Department reviews the applicant's engineering documents, environmental documents, contracts, creditworthiness, bond covenants, and ordinances for compliance with state and federal requirements.

The Department's review achieves other purposes of the law by providing technical assistance and coordinating with other funding programs.

- The funding order of projects may not be identical to the fundable priority ranking in the annual IUP. Readiness to proceed is an important factor; however, the general order of project ranking will be followed to the extent a project progresses to a binding commitment. The Department encourages projects to proceed in a timely manner.
- The Department, with approval of the SDWC, may bypass any project on the fundable priority list that is not, in the opinion of the Department, making satisfactory progress toward satisfying requirements for Drinking Water SRF program assistance. Rules governing bypass procedures appear in 10 CSR 60-13.020(3)(A).
- Any project on the fundable priority list may be bypassed if the applicant fails to submit the documents required for Drinking Water SRF assistance at least 60 days prior to the beginning of the quarter for which the assistance is anticipated. Furthermore, the Department may develop schedules to determine whether a Drinking Water SRF project is making satisfactory progress. A project may be bypassed for failure to meet the schedule.
- A project that is bypassed will be removed from the fundable priority list, and if the application is still valid, will be placed on a project list, in priority order, for funding consideration in the next FFY.
- The Department uses authorized set-asides to fund staff that provide technical assistance related to SDWA compliance and the TMF capacity of water systems.
- The Department coordinates with other agencies that fund water system improvements including the Missouri Department of Economic Development, which operates the Community Development Block Grants Program, and the U.S. Department of Agriculture Rural Development. The Department is continuing to try to address the needs

of disadvantaged communities by supplementing Drinking Water SRF loans with other sources of funding.

### XIII. State Match

In accordance with federal Safe Drinking Water statutes, states are required to provide a match equal to 20 percent of the total capitalization grant. Each state must deposit its match on or before the date of the grant payment. Further, it must make binding commitments equal to the grant minus set-asides plus match within one year of receiving the grant payment, except for the grant of FFY 1997. Through SFY 2003, the Department used general revenue funds to provide the required 20 percent match.

Beginning in SFY 2004, state match was provided through the proceeds of the sale of EIERA bonds. EIERA bonds are sold to generate 100 percent of the project costs and an appropriate percentage of those bonds are clearly identified as state match.

In 2007 and 2012, the state of Missouri issued general obligations bonds for infrastructure projects to improve water quality throughout the state. Of this, \$7,085,242 was distributed as rural water grants for use as state match.

### XIV. Details of Activities

#### Fund Financial Status

##### 1. 2020 Binding Commitments

Exhibit 1 is a complete binding commitment list. The following table lists the projects that began construction during the 2020 reporting period.

FFY 2020 Project Construction Start Dates			
Name	Project #	Construction Start Date	Award Amount
Buchanan Co PWSD #1	DW291339-02	11/1/2019	\$2,544,000
Marshfield	DW291148-04	1/22/2020	\$6,164,000
Madison Co PWSD #1	DW291364-01	2/10/2020	\$3,369,000
Laurie	DW291312-02	6/23/2020	\$1,264,000

##### 2. Cash Draw Ratio (Proportionality)

Missouri used “cash flow” direct loans for the Drinking Water SRF program during the 2020 reporting period. The federal capitalization grant was not used as security for the state match bonds. In this reporting period, the state match funds for the Drinking Water capitalization grant were utilized first before drawing any federal funds from that grant. Once state match funds were utilized, the cash draws were 100 percent federal funds. With taking the state match funds into consideration, the cash draw ratio was 83.33 percent federal funds and 16.67 percent state match. This process followed EPA memorandum, Clarification of Cash Draw Rules for Leveraged SRF programs (August 26, 2011).

### 3. Green Project Reserve

The costs associated with green project reserve components have been applied to the FFY 2010 and FFY 2011 capitalization grants; however, the FFY 2011 capitalization grant was the last year green project reserve was required, as shown in the following table. Green project reserve was not a grant requirement in subsequent capitalization grants.

Federal Fiscal Year	GPR Requirement	GPR Awarded
2010	\$5,246,800	\$5,246,800
2011	\$3,640,800	\$3,640,800

The following projects were identified to have green project reserve components and the associated costs were applied toward the FFY 2010 capitalization grant green project reserve requirement.

Project ID	Recipient Name	Loan Date	Loan Amount	GPR Amount	Water Efficiency
DW291228-01	Barry County PWSD #2	06/22/2011	\$ 564,000	\$ 419,925	\$ 419,925
DW291234-01	City of Clarksburg	10/05/2011	748,000	458,762	458,762
DW291308-01	City of Neosho	12/19/2011	9,425,000	2,030,200	2,030,200
DW295258-01	City of Desloge	09/27/2012	1,564,000	1,564,000	1,564,000
DW291293-01	City of Warsaw	11/28/2012	1,478,000	773,913	773,913
	Total		\$13,779,000	\$5,246,800	\$5,246,800

The following projects were identified to have green project reserve components and the associated costs were applied toward the FFY 2011 capitalization grant green project reserve requirement.

Project ID	Recipient Name	Loan Date	Loan Amount	GPR Amount	Water Efficiency
DW291293-01	City of Warsaw	11/28/2012	\$1,478,000	\$ 704,087	\$ 704,087
DW291322-01	Jefferson County PWSD #8	11/29/2012	520,000	520,000	520,000
DW291162-04	City of Linn	01/30/2013	2,260,620	943,128	943,128
DW291324-01	Jefferson County PWSD #12	05/22/2013	1,732,000	1,473,585	1,473,585
	Total		\$5,990,620	\$3,640,800	\$3,640,800

#### 4. Additional Subsidy

The following table lists the additional subsidy requirements for each drinking water capitalization grant and the progress toward meeting the requirements.

<b>Federal Fiscal Year</b>	<b>Minimum Required</b>	<b>Maximum Allowed</b>	<b>Planned Amount</b>	<b>Awarded</b>	<b>Fully Disbursed?</b>
2010	\$5,430,438	\$18,101,460	\$7,870,200	\$7,870,200	Yes
2011	5,461,200	unspecified	5,461,200	5,461,200	Yes
2012	3,469,600	5,204,400	5,204,400	4,990,830	Yes
2013	3,255,400	4,883,100	4,883,100	4,694,571	Yes
2014	3,571,000	5,356,500	3,828,073	3,828,073	Yes
2015	3,547,600	5,321,400	3,547,600	3,547,600	Yes
2016	3,356,200	3,356,200	3,356,200	3,356,200	No
2017	3,327,400	3,327,400	3,327,400	2,255,409	No
2018	3,916,400	3,916,400	3,916,400	-	No
2019	3,879,800	3,879,800	3,879,800	-	No
2019-AWIA*	1,163,940	6,789,650	5,491,869	-	No
2020	2,717,540	2,717,540	2,717,540	-	No
2020-AWIA*	1,164,660	6,793,850	1,164,660	-	No
<b>Total</b>	<b>\$44,261,178</b>	<b>\$69,647,700</b>	<b>\$54,648,442</b>	<b>\$36,004,083</b>	

\* America's Water Infrastructure Act (AWIA) of 2018 went into effect with the 2019 Capitalization grant and requires the state to make loan subsidies to disadvantaged communities, in addition to the additional subsidy that is required by Congress as stated in the Congressional Appropriations.

The Department has issued additional subsidization in an amount to meet the requirements of the FFY 2010 – 2016 capitalization grants. The following table lists the recipients who have been awarded additional subsidization, all in the form of grants.

<b>Recipient</b>	<b>Amount Awarded</b>	<b>Award Date</b>
Barry County PWSD #2	\$282,000	06/22/2011
Osage County PWSD #3	693,000	07/21/2011
Cass County PWSD #10	333,684	09/30/2011
City of Clarksburg	340,000	10/05/2011
Cass County PWSD #11	534,000	06/06/2012
Platte County PWSD #3	1,028,000	06/12/2012
City of Rogersville	559,113	08/24/2012
Jefferson County Water Authority	751,000	09/06/2012
City of Poplar Bluff	1,324,000	09/07/2012
City of Desloge	782,000	10/04/2012
Jefferson County PWSD #8	260,000	12/06/2012
City of Warsaw	739,000	12/20/2012
City of Linn	1,064,491	02/22/2013

<b>Recipient</b>	<b>Amount Awarded</b>	<b>Award Date</b>
Jefferson County PWSD #12	836,624	05/22/2013
City of Cameron	479,437	07/15/2013
Jackson County PWSD #16	1,500,000	08/15/2013
City of Monett	2,000,000	09/16/2013
DeKalb County PWSD #1	363,095	08/19/2014
Auxvasse	1,110,685	09/30/2014
Lathrop	1,154,796	10/08/2014
California	1,526,455	10/16/2014
Audrain PWSD #1	142,214	09/22/2015
Jackson County PWSD #16	632,541	09/28/2015
Platte County PWSD #1	647,946	10/15/2015
Bonne Terre	1,984,287	11/18/2015
Lathrop	930,710	12/01/2016
Sunrise Beach	860,240	12/19/2016
Birch Tree	1,856,325	01/24/2017
Reeds Spring	934,500	03/09/2017
Sparta	1,896,000	06/27/2017
Clarksville	201,225	10/06/2017
Campbell	1,569,460	10/26/2017
Osage County PWSD #1	584,414	11/07/2017
Memphis	1,882,841	09/12/2019
Buchanan County PWSD #1	1,272,000	09/26/2019
Madison County PWSD #1	2,000,000	01/17/2020
Laurie	948,000	06/05/2020
<b>Total</b>	<b>\$36,004,083</b>	

One of the two communities who received grant funding in this reporting period was a disadvantaged community, and the project for the other community met the repair, replacement, and upgrade of infrastructure in the existing community's sustainability criteria.

## 5. Federal Funding Accountability and Transparency Act (FFATA) and Equivalency

The following tables list the grant awards that were reported in the Federal FFATA Sub-award Reporting System as of September 30, 2020, and these awards have been designated as fulfilling FFATA and equivalency requirements.

FFATA Subaward List			
Drinking Water CAP Grant Year	Project Number	Recipient	FFATA Subaward Obligation
FFY2010	ER12-DWSA-MO6010303	City of Gerald	\$42,300
FFY2010	ER12-DWSA-MO4010087	City of Bonne Terre	58,068
FFY2010	ER12-DWSA-MO2010344	City of Hannibal	58,069
FFY2010	ER12-DWSA-MO2020421	Village of Stoutsville	98,800
FFY2010	ER12-DWSA-MO6010276	City of Festus	96,200
FFY2010	ER12-DWSA-MO1024118	City of Harrisonville PWSD No 9	25,110
FFY2010	ER12-DWSA-MO6010213	City of Desoto	36,750
FFY2010	ER12-DWSA-MO2021537	North Central Missouri-Milan	150,000
FFY2010	ER12-DWSA-MO6010801	City of Union	49,880
FFY2010	ER12-DWSA-MO4010404	City of Jackson	26,910
FFY2010	WS12-DWSA-MO4010501	City of Marquand	30,600
FFY2010	ER12-DWSA-MO4010710	City of Sainte Genevieve	104,300
FFY2010	ER12-DWSA-MO3024055	Consol. Public Water-Columbia	97,600
FFY2010	ER12-DWSA-MO1024156-1024154	City of Lathrop	46,085
FFY2010	DW291228-01	Barry County Water Supply Dist. 2	564,000
FFY2010	ER12-DWSA-MO2024572	PWSD 1 of Shelby County	50,600
FFY2010	ER12-DWSA-MO5024618	Vernon County PWSD 1	47,460
FFY2010	DW291243-01	Meadville	622,700
FFY2010	DW291245-02	City of Adrian	343,200
FFY2010	DW291233-01	City of Chilhowee	585,000
FFY2010	DW291282-02	City of Stockton	860,000
FFY2010	DW291249-02	Cass County PWSD 10	1,035,684
FFY2010	DW291234-01	City of Clarksburg	748,000
FFY2010	DW291308-01	City of Neosho	9,425,000
FFY2010	DW291313-01	Cass County PWSD 11	1,068,000
FFY2010	DW291315-01	Platte County PWSD 3	1,164,000
FFY2010	DW291310-01	Jefferson County Water Authority	1,502,000
FFY2010	DW291204-02	City of Poplar Bluff	1,256,571
FFY2010	DW291327-01	Monett	1,241,113
<b>FFY2010 Award \$21,434,000</b>			<b>\$21,434,000</b>

FFATA Subaward List			
Drinking Water CAP Grant Year	Project Number	Recipient	FFATA Subaward Obligation
FFY2011	ER14-DWSA-MO1010464	City of Lexington	\$73,500
FFY2011	ER14-DWSA-MO4021311	Wappapello PWS 4	28,000
FFY2011	ER14-DWSA-MO3024052	Boone County PWS 4	36,900
FFY2011	ER14-DWSA-MO5024228	Greene County PWS 1	33,750
FFY2011	ER14-DWSA-MO5010331	City of Greenfield	27,000
FFY2011	ER14-DWSA-MO6024214	Franklin County PWS 4	28,000
FFY2011	ER14-DWSA-MO30104411	City of Lake Ozark	43,200
FFY2011	ER14-DWSA-MO4010636	City of Perryville	72,100
FFY2011	ER14-DWSA-MO1024309	Warrensburg PWS	41,200
FFY2011	ER14-DWSA-MO6071352	Jefferson County Water Authority	60,310
FFY2011	ER14-DWSA-MO6024213	Franklin County PWS 3	32,500
FFY2011	ER14-DWSA-MO4021311	Wayne & Butler Counties	28,000
FFY2011	COOPERATIVE AGREEMENT	University of Missouri System	159,871
FFY2011	ER14-DWSA-MO2024594	Sullivan County PWS 1	47,200
FFY2011	ER14-DWSA-MO5010331	City of Greenfield	27,000
FFY2011	ER14-DWSA-MO4021532	Cape Girardeau County	26,813
FFY2011	ER14-DWSA-MO6010659	City of Potosi	40,500
FFY2011	ER14-DWSA-MO2024565	Scotland County	28,000
FFY2011	DW291216-01	Osage Co PWS 3	1,386,000
FFY2011	DW291204-02	City of Poplar Bluff	1,391,429
FFY2011	DW291276-01	Rogersville	1,241,113
FFY2011	DW291258-01	Desloge	1,564,000
FFY2011	DW291322-01	Jefferson Co PWS 8	520,000
FFY2011	DW291293-01	Warsaw	1,478,000
FFY2011	DW291162-04	Linn	2,260,620
FFY2011	DW291324-01	Jefferson County PWS 12	1,732,000
FFY2011	DW291331-01	Tipton	606,600
FFY2011	DW291193-04	City of Cameron	1,106,500
FFY2011	DW291319-01	Jackson Co PWS 16	3,000,000
FFY2011	DW291327-01	Monett	1,009,497
<b>FFY2011 Award \$18,129,603</b>			<b>\$18,129,603</b>

FFY2012	SWPDI15-DWSA-MO4010853	City of West Plains Water Plant	\$25,000
FFY2012	SWPDI15-DWSA-MO3011367	City of Osage Beach	25,000
FFY2012	COOPERATIVE AGREEMENT	University of Missouri System	99,928
FFY2012	DW291327-01	Monett	6,641,557
FFY2012	DW291314-02	Belton	1,774,517
FFY2012	DW291341-01	Dekalb County PWSD	830,751
FFY2012	DW291222-03	Auxvasse	2,105,685
FFY2012	DW291328-01	California	3,202,000
FFY2012	DW291195-02	Lathrop	2,506,000
FFY2012	DW291315-02	Platte County PWS 3	137,562
<b>FFY2012 Award \$17,348,000</b>			<b>\$17,348,000</b>

FFATA Subaward List			
Drinking Water CAP Grant Year	Project Number	Recipient	FFATA Subaward Obligation
FFY2013	DS14-DWSA-MO5010641	City of Pierce City	\$35,667
FFY2013	DS14-DWSA-MO4010072	City of Birch Tree	165,000
FFY2013	AWP16-DWSA-MO1010098	City of Braymer	49,000
FFY2013	DS14-DWSA-MO4010132	City of Campbell	53,500
FFY2013	DS14-DWSA-MO6010213	City of Desoto	27,677
FFY2013	DS14-DWSA-MO4010290	City of Fredericktown	159,320
FFY2013	COOPERATIVE AGREEMENT	University of Missouri System	121,062
FFY2013	ER15-DWSA-MO1021304	Oregon PWS	40,500
FFY2013	DS14-DWSA-MO2010097	City of Brashear	33,300
FFY2013	ER15-DWSA-MO1010682	City of Rich Hill	45,416
FFY2013	DS14-DWSA-MO2010097	City of Brashear	66,600
FFY2013	DS14-DWSA-MO4010290	City of Fredericktown	318,640
FFY2013	ER15-DWSA-MO5024423	Newton County PWS 1	36,000
FFY2013	DS14-DWSA-MO5024591	Mo-Ark Water Company	81,000
FFY2013	SWPD16-DWSA-MO5010754	City Utilities of Springfield	27,200
FFY2013	SWPDI15-DWSA-MO1010349	City of Harrisonville	25,000
FFY2013	DW291315-02	Platte County PWS 3	754,437
FFY2013	DW291304-02	Audrain PWS 1	327,028
FFY2013	DW291314-03	Belton	2,718,000
FFY2013	DW291319-03	Jackson Co PWS 16	1,413,750
FFY2013	DW291335-01	Platte County PWS 1	1,796,946
FFY2013	DW291343-01	Bonne Terre	3,969,287
FFY2013	DW291346-01	Fredericktown	2,983,000
FFY2013	DW291204-03	City of Poplar Bluff	1,029,670
<b>FFY2013 Award \$16,277,000</b>			<b>\$16,277,000</b>

FFY2014	DS14-DWSA-MO3010720	City of St. Robert	\$173,475
FFY2014	SWPD116-DWSA-MO5010754	City of Springfield	41,200
FFY2014	ER15-DWSA-MO2010796	City of Trenton	34,595
FFY2014	DS-DWSA-MO4010710	City of Sainte Genevieve	29,486
FFY2014	DW14-DWSA-MO4010132	City of Campbell	107,000
FFY2014	DW291017-02	Hannibal	12,960,000
FFY2014	DW291181-04	Tri-County Water Authority	4,502,914
FFY2014	DW291204-03	City of Poplar Bluff	1,330
<b>FFY2014 Award \$17,850,000</b>			<b>\$17,850,000</b>

FFY2015	ER16-DWSA-MO3024438/MO3024441	Osage County PWS 2	\$55,440
FFY2015	PDWB-CARES-FY17-FY18	University of Missouri System	60,000
FFY2015	DW291327-01	Monett	2,583,517
FFY2015	DW291280-12	St. Louis	9,500,000
FFY2015	DW291314-02	Belton	5,264,483
FFY2015	DW291181-04	Tri-County Water Authority	274,560
<b>FFY2015 Award \$17,738,000</b>			<b>\$17,738,000</b>

FFATA Subaward List			
Drinking Water CAP Grant Year	Project Number	Recipient	FFATA Subaward Obligation
FFY2016	DW291356-01	Harrisonville	\$9,544,000
FFY2016	DW291357-01	Scotland County PWS #1	2,034,890
FFY2016	ER16-DWSA-MO1024009	Atchison Co. PWS #1	35,550
FFY2016	ER16-DWSA-MO5010071	Billings	39,600
FFY2016	ER16-DWSA-MO4024097	Cape Girardeau Co. PWS #2	39,600
FFY2016	ER16-DWSA-MO4010467	Licking	31,500
FFY2016	ER16-DWSA-MO5010697	Rockaway Beach	33,849
FFY2016	ER17-DWSA-MO2010389	Humphreys	25,000
FFY2016	ER17-DWSA-MO2010664	Princeton	25,000
FFY2016	ER17-DWSA-MO2024495	Putnam Co. PWS #1	25,000
FFY2016	SWPDI-DWSA-MO5010754	City of Springfield	51,200
FFY2016	SWPDI-DWSA-MO2021537	North Central MO Reg Wtr Comm.	63,250
<b>FFY2016 Award \$16,781,000</b>			<b>\$11,948,439</b>
FFY2017	DW291195-03	Lathrop	\$931,000
FFY2017	DW291277-02	Sparta	1,896,000
FFY2017	DW291336-01	Jackson Co PWS #13	3,000,000
FFY2017	DW291357-01	Scotland Co PWSD	158,110
FFY2017	DW291216-02	Osage Co PWS #3	598,000
FFY2017	DW291361-01	Osage Co PWS #1	1,111,000
FFY2017	DW291181-04	Tri-County Water Authority	3,785,420
<b>FFY2017 Award \$16,637,000</b>			<b>\$11,479,530</b>
FFY2018	DW291363-01	Memphis	\$3,613,841
FFY2018	DW291339-02	Buchanan Co PWS #1	2,544,000
FFY2018	DW291181-04	Tri-County Water Authority	7,353,739
FFY2018	ER19-DWSA-MO2010574	Newtown	25,000
<b>FFY2018 Award \$19,582,000</b>			<b>\$13,536,580</b>
FFY2019	DW291148-04	Marshfield	\$6,164,000
FFY2019	DW291364-01	Madison Co PWS #1	1,369,000
FFY2019	DW291366-01	Centralia	2,744,000
FFY2019	DW291181-04	Tri-County Water Authority	3,108,310
<b>FFY2019 Award \$19,399,000</b>			<b>\$13,385,310</b>
<b>Total FFATA Reported To Date</b>			<b>\$159,126,462</b>

### Assembled Necessary Staff

The Department has the necessary staff positions to implement the Drinking Water SRF program. The Drinking Water SRF administrative, financial, and technical review staff for the Drinking Water SRF loan program are primarily located in the Water Protection Program's FAC. Staff administering the programs and activities funded by the set-aside portion of the Drinking Water SRF capitalization grants are primarily located in the Water Protection Program's PDWB.

The Water Protection Program coordinates with the EIERA, a state environmental financing agency, to implement the direct loan program. Staff in the Department's Regional Offices provide assistance with Drinking Water SRF program and primacy-related field activities.

## Grant Conditions Compliance

The Department continues to comply with all grant conditions. The following sections address specific compliance issues.

- Lobbying: Lobbying by grant recipients is restricted by Section 607(A) of P.L. 96-74 and by the Anti-Lobbying Act, Section 319 of P.L. 101-121. The Department has not engaged in illegal lobbying and has not used grant funds to support lobbying.
- Debarment: The Department has agreed to comply with EPA's policy on debarment and suspension under assistance, loan, and benefit programs. The Department has not solicited subagreements from debarred or suspended parties and has included notice of this policy in solicitations as required.
- Disadvantaged Business Enterprises (DBE): The Department has agreed to comply with EPA's Program for Utilization of Small, Minority, and Women's Business Enterprises. It has agreed to negotiate fair share goals. The Department and all loan and grant recipients have included in their bid documents the fair share goals and followed the six affirmative steps stated in 40 CFR 31.36(e) and 40 CFR Part 33. The Department has submitted reports on disadvantaged business enterprise use as required based on the information provided from the loan recipients. DBE reports were submitted to EPA for the 2020 reporting period. The table below summarizes the DBE activity for Missouri's Drinking Water SRF program for the reporting period.

Assistance Activity 2020 Reporting Period		
	MBE	WBE
Construction	\$ -	\$ -
Equipment	-	-
Services	49,004	11,127
Supplies	-	-
Total	\$49,004	\$11,127
Percent	5.6%	1.3%
Goal	10.0%	5.0%

- Drinking Water SRF and Public Drinking Water Benefits Reporting System: The Department has agreed to submit an annual report on the state of the Drinking Water SRF program. This report fulfills the requirement of the annual report. The Department has updated the Public Drinking Water Benefits Reporting System as required for each loan recipient.

- Use of recycled paper: The Department has agreed to submit required reports to EPA on recycled paper. This report is printed on recycled paper.
- Indirect costs: The Department has agreed to charge indirect costs in the year that they are expended and in accordance with the negotiated indirect cost agreement. The Department has complied with the agreement and charged indirect costs in the years they were expended.
- Federal cross-cutters: The Department has agreed to comply with all federal cross-cutters identified in Appendix A of the Drinking Water SRF Program Guidelines. While loan recipients do not always receive assistance directly from the capitalization grant, the Department has ensured, by conditions in the loan agreements that cross-cutting authority applies to projects equating to at least the amount of the capitalization grants.

**SRF Binding Commitments**

Fiscal Years 1997 through 2020

<b>Project Name</b>	<b>Population</b>		<b>Amount</b>	<b>Closing Date</b>
	<b>Served</b>	<b>Project Number</b>		
<b>Funding Type: ARRA GRANT</b>				
CAMERON**	2,950	DW291193-03G	\$1,390,500.00	10/22/2009
CLINTON COUNTY PWSD #3**	1,310	DW291227-01G	\$1,100,000.00	11/06/2009
AVA MUNICIPAL WATER SYSTEM**	3,021	DW291214-01G	\$1,445,400.00	11/10/2009
CLARENCE CANNON	42,000	DW291070-03G	\$2,000,000.00	11/17/2009
DREXEL**	1,115	DW291236-01G	\$2,000,000.00	11/17/2009
ROCKAWAY BEACH**	577	DW291230-01G	\$862,000.00	12/07/2009
MONROE COUNTY PWSD #2*	6,500	DW291213-01G	\$1,065,250.00	12/10/2009
ADRIAN*	4,420	DW291245-01G	\$473,800.00	12/21/2009
PILOT GROVE**	723	DW291232-01G	\$505,000.00	12/21/2009
WESTON**	1,631	DW291220-01G	\$2,033,300.00	12/21/2009
HARRY S TRUMAN PWSD #2*	6,000	DW291239-01G	\$1,172,000.00	12/22/2009
CAPE GIRARDEAU	36,472	DW291010-03G	\$1,000,000.00	12/28/2009
NEWBURG MUNICIPAL WATER SYSTEM**	474	DW291229-01G	\$162,200.00	12/29/2009
KING CITY**	1,500	DW291265-01G	\$597,300.00	12/30/2009
LINN CREEK**	280	DW291223-01G	\$916,100.00	01/08/2010
STE GENEVIEVE*	4,480	DW291281-01G	\$781,440.00	01/08/2010
CLAY COUNTY PWSD #8**	1,953	DW291235-01G	\$723,000.00	01/11/2010
COLE COUNTY PWSD #4**	1,100	DW291208-02G	\$324,000.00	01/15/2010
WARDSVILLE**	976	DW291218-01G	\$396,862.00	01/26/2010
	<b>19</b>		<b>\$18,948,152.00</b>	
<b>Funding Type: ARRA LOAN</b>				
CAMERON**	2,950	DW291193-03L	\$1,390,500.00	11/02/2009
AVA MUNICIPAL WATER SYSTEM**	3,021	DW291214-01L	\$1,445,400.00	11/17/2009
CLARENCE CANNON	42,000	DW291070-03L	\$2,390,000.00	11/23/2009
DREXEL**	1,115	DW291236-01L	\$2,368,000.00	11/23/2009
CLINTON COUNTY PWSD #3**	1,310	DW291227-01L	\$1,100,000.00	11/25/2009
ROCKAWAY BEACH**	577	DW291230-01L	\$862,000.00	12/09/2009
MONROE COUNTY PWSD #2*	6,500	DW291213-01L	\$1,065,200.00	12/14/2009
PILOT GROVE**	723	DW291232-01L	\$505,000.00	12/23/2009
ADRIAN*	4,420	DW291245-01L	\$473,800.00	12/29/2009
HARRY S TRUMAN PWSD #2*	6,000	DW291239-01L	\$1,172,000.00	12/29/2009
WESTON**	1,631	DW291220-01L	\$2,033,400.00	12/29/2009
KING CITY**	1,500	DW291265-01L	\$199,100.00	01/06/2010
LINN CREEK**	280	DW291223-01L	\$305,300.00	01/12/2010
STE GENEVIEVE*	4,480	DW291281-01L	\$781,300.00	01/12/2010
CLAY COUNTY PWSD #8**	1,953	DW291235-01L	\$723,000.00	01/14/2010
CAPE GIRARDEAU	36,472	DW291010-03L	\$1,000,000.00	01/15/2010
NEWBURG MUNICIPAL WATER SYSTEM**	474	DW291229-01L	\$162,200.00	01/19/2010
COLE COUNTY PWSD #4**	1,100	DW291208-02L	\$324,000.00	01/21/2010
WARDSVILLE**	976	DW291218-01L	\$396,700.00	01/28/2010
	<b>19</b>		<b>\$18,696,900.00</b>	
<b>Funding Type: DIRECT FORTY % MATCH LOAN SRF</b>				
GLASGOW, CITY OF**	1,263	DW291125-01	\$1,000,000.00	12/05/2002
MARSHFIELD, CITY OF*	5,720	DW291148-01	\$3,650,000.00	03/27/2003
TRI-COUNTY WATER AUTHORITY	19,000	DW291181-01	\$9,848,500.00	02/25/2005
	<b>3</b>		<b>\$14,498,500.00</b>	
<b>Funding Type: DIRECT INTERIM LOAN SRF (Paid off by Leveraged Loan)</b>				
GLASGOW, CITY OF**	1,263	DW291125-01	(\$1,000,000.00)	04/09/2003
MARSHFIELD, CITY OF*	5,720	DW291148-01	(\$3,650,000.00)	11/20/2003
TRI-COUNTY WATER AUTHORITY	19,000	DW291181-01	(\$9,848,500.00)	05/19/2005
	<b>(3)</b>		<b>(\$14,498,500.00)</b>	

**SRF Binding Commitments**

Fiscal Years 1997 through 2020

<b>Project Name</b>	<b>Population</b>		<b>Amount</b>	<b>Closing Date</b>
	<b>Served</b>	<b>Project Number</b>		
<b>Funding Type: DIRECT LOAN SRF</b>				
ADRIAN, CITY OF*	4,420	DW291107-01	\$4,163,000.00	12/03/2007
SULLIVAN COUNTY PWSD #1*	4,340	DW291212-01	\$2,900,000.00	04/14/2009
PLATTE COUNTY PWSD #8**	1,101	DW291273-01	\$444,800.00	11/17/2009
	<b>3</b>		<b>\$7,507,800.00</b>	
<b>Funding Type: LEVERAGED LOAN SRF</b>				
CAMERON, CITY OF	11,000	DW291008-01	\$3,300,000.00	12/02/1998
CAPE GIRARDEAU, CITY OF	38,509	DW291010-01	\$25,495,000.00	12/02/1998
LOUISIANA, CITY OF*	4,000	DW291025-01	\$2,315,000.00	06/03/1999
MOSCOW MILLS-NEW ELEVATED WATER TANK **	2,600	DW291032-01	\$365,000.00	12/02/1999
RAY COUNTY PWSD #2	16,000	DW291034-01	\$3,955,000.00	12/02/1999
BOONVILLE, CITY OF*	7,095	DW291003-01	\$5,110,000.00	04/12/2000
CAMDEN COUNTY PWSD #2**	691	DW291007-01	\$700,000.00	04/12/2000
HALLSVILLE, CITY OF**	1,200	DW291053-01	\$825,000.00	04/12/2000
JACKSON DIST. SYSTEM IMPROVEMENTS 01*	9,256	DW291020-01	\$995,000.00	04/12/2000
MARCELINE, CITY OF **	2,645	DW291026-01	\$4,000,000.00	04/12/2000
PERRYVILLE, CITY OF*	6,993	DW291062-01	\$8,860,000.00	04/12/2000
CLARENCE CANNON WHOLESALE WC*	4,172	DW291070-01	\$4,015,000.00	11/21/2000
JACKSON DIST. SYSTEM IMPROVEMENTS 02*	9,256	DW291020-02	\$1,895,000.00	11/21/2000
SWEET SPRINGS**	1,620	DW291040-01	\$445,000.00	11/21/2000
UNIONVILLE, CITY OF **	1,989	DW291041-01	\$455,000.00	11/21/2000
OZARK, CITY OF*	9,159	DW291089-01	\$975,000.00	04/18/2001
RAY COUNTY PWSD #2	16,000	DW291117-01	\$790,000.00	04/18/2001
RICHMOND*	6,675	DW291071-01	\$3,525,000.00	04/18/2001
VERNON COUNTY PWSD #2**	1,100	DW291069-01	\$1,005,000.00	04/18/2001
BUTLER, CITY OF*	8,555	DW291046-01	\$5,000,000.00	11/20/2001
DUNKLIN COUNTY PWSD#3**	1,764	DW291110-01	\$335,000.00	11/20/2001
FESTUS, CITY OF	10,470	DW291051-01	\$1,885,000.00	11/20/2001
GARDEN CITY**	1,390	DW291073-01	\$730,000.00	11/20/2001
JEFFERSON COUNTY WATER AUTHORITY	10,470	DW291121-01	\$10,435,000.00	11/20/2001
KEARNEY, CITY OF*	4,300	DW291082-01	\$2,645,000.00	11/20/2001
TRI-COUNTY WATER AUTHORITY	19,000	DW291068-01	\$2,370,000.00	11/20/2001
CAMDEN COUNTY PWSD #2**	2,280	DW291122-01	\$430,000.00	05/08/2002
CLEVER, CITY OF**	811	DW291109-01	\$410,000.00	05/08/2002
CRYSTAL CITY*	4,247	DW291050-01	\$1,300,000.00	05/08/2002
JEFFERSON COUNTY WATER AUTHORITY	10,470	DW291121-02	\$8,230,000.00	05/08/2002
ELSBERRY TREATMENT UPGRADE**	1,896	DW291099-01	\$500,000.00	11/07/2002
LAWSON, CITY OFF**	2,357	DW291127-01	\$1,080,000.00	11/07/2002
OSAGE BEACH, REFINANCING AND NEW PROJECT	15,000	DW291150-01	\$24,585,000.00	11/07/2002
PUXICO, CITY OF**	1,145	DW291134-01	\$540,000.00	11/07/2002
CARL JUNCTION DW IMPROVEMENTS**	2,188	DW291123-01	\$1,760,000.00	04/09/2003
GLASGOW, CITY OF**	1,263	DW291125-02	\$2,210,000.00	04/09/2003
JASPER COUNTY PWSD #1**	1,873	DW291131-01	\$1,400,000.00	04/09/2003
OSAGE BEACH, REFINANCING AND NEW PROJECT	15,000	DW291150-02	\$6,075,000.00	04/09/2003
BOWLING GREEN*	5,166	DW291165-01	\$3,160,000.00	11/20/2003
CASS-BATES #12**	1,800	DW291151-01	\$330,000.00	11/20/2003
GREEN CITY**	688	DW291164-01	\$490,000.00	11/20/2003
KNOB NOSTER WATER IMPROVEMENTS**	2,462	DW291139-01	\$1,000,000.00	11/20/2003
MARSHFIELD, CITY OF*	5,720	DW291148-02	\$6,310,000.00	11/20/2003
BROOKFIELD*	4,769	DW291178-01	\$3,055,000.00	05/28/2004
PINEVILLE**	768	DW291141-01	\$550,000.00	05/28/2004
ADAIR COUNTY PWSD #1*	7,989	DW291155-01	\$395,000.00	12/09/2004

**SRF Binding Commitments**

Fiscal Years 1997 through 2020

<b>Project Name</b>	<b>Population</b>		<b>Amount</b>	<b>Closing Date</b>
	<b>Served</b>	<b>Project Number</b>		
KIRKSVILLE SOUTH PROJECT	16,988	DW291176-01	\$695,000.00	12/09/2004
LIVINGSTON COUNTY PWSD #1**	1,240	DW291161-01	\$1,230,000.00	12/09/2004
MOBERLY	13,741	DW291158-01	\$5,100,000.00	12/09/2004
PORTAGEVILLE*	3,600	DW291077-01	\$2,300,000.00	12/09/2004
FULTON, CITY OF	12,128	DW291124-01	\$4,500,000.00	05/19/2005
HUNTSVILLE**	1,600	DW291175-01	\$605,000.00	05/19/2005
TRI-COUNTY WATER AUTHORITY	27,000	DW291181-02	\$23,000,000.00	05/19/2005
CLARENCE CANNON WWC	42,000	DW291137-01	\$9,700,000.00	11/30/2005
KIRKSVILLE PHASE I	26,450	DW291183-01	\$1,805,000.00	11/30/2005
RUSSELLVILLE**	850	DW291172-01	\$650,000.00	11/30/2005
TRI-COUNTY WATER AUTHORITY	27,000	DW291181-03	\$17,625,000.00	11/30/2005
CAPE GIRARDEAU COUNTY PWSD #4**	692	DW291187-01	\$600,000.00	04/27/2006
CLARENCE CANNON WWC	42,000	DW291137-02	\$590,000.00	04/27/2006
SHELBY COUNTY PWSD #1**	1,205	DW291191-01	\$810,000.00	04/27/2006
CLAY COUNTY PWSD #3*	3,800	DW291196-01	\$2,295,000.00	11/16/2006
IRONTON**	1,539	DW291145-01	\$2,500,000.00	05/01/2007
KIRKSVILLE PHASE II & DOWNTOWN	26,450	DW291184-01	\$3,500,000.00	05/01/2007
OSAGE BEACH*	4,100	DW291150-03	\$2,550,000.00	05/01/2007
RICHLAND**	1,805	DW291202-01	\$1,000,000.00	05/01/2007
SENECA**	2,135	DW291157-01	\$835,000.00	05/01/2007
WASHBURN, CITY OF**	448	DW291171-01	\$1,420,000.00	05/01/2007
HAMILTON**	2,343	DW291207-01	\$385,000.00	11/15/2007
ASHLAND**	3,000	DW291043-02	\$1,240,000.00	10/30/2008
COLE COUNTY PWSD #4**	1,100	DW291208-01	\$2,045,000.00	10/30/2008
HOLCOMB**	840	DW291186-01	\$355,000.00	10/30/2008
LIVINGSTON COUNTY PWSD #3**	2,210	DW291201-01	\$970,000.00	10/30/2008
POPLAR BLUFF, CITY OF	16,651	DW291204-01	\$6,195,000.00	10/30/2008
	<b>73</b>		<b>\$250,735,000.00</b>	

**Funding Type: SRF CASH FLOW DIRECT LOAN**

CLARENCE CANNON	42,000	DW291070-04	\$5,285,000.00	06/24/2010
MEADVILLE**	457	DW291243-01	\$622,700.00	10/26/2010
ADRIAN*	4,420	DW291245-02	\$343,200.00	12/22/2010
CHILHOWEE**	329	DW291233-01	\$585,000.00	12/22/2010
STOCKTON, CITY OF**	2,016	DW291282-02	\$860,000.00	05/26/2011
BARRY COUNTY PWSD #2 (CRESTWOOD WEST)**	182	DW291228-01L	\$282,000.00	06/22/2011
OSAGE COUNTY PWSD #3**	1,350	DW291216-01L	\$693,000.00	07/21/2011
CASS COUNTY PWSD #10**	2,610	DW291249-02L	\$702,000.00	09/28/2011
CLARKSBURG**	390	DW291234-01L	\$408,000.00	10/05/2011
NEOSHO	10,505	DW291308-01	\$9,425,000.00	12/19/2011
CASS COUNTY PWSD #11**	2,560	DW291313-01L	\$534,000.00	05/14/2012
PLATTE COUNTY PWSD #3**	1,200	DW291315-01L	\$582,000.00	06/19/2012
JEFFERSON COUNTY WATER AUTHORITY	14,005	DW291310-01L	\$751,000.00	07/25/2012
POPLAR BLUFF	16,651	DW291204-02L	\$1,324,000.00	07/31/2012
ROGERSVILLE**	3,047	DW291276-01L	\$682,000.00	08/14/2012
DESLOGE*	5,105	DW291258-01L	\$782,000.00	09/27/2012
WARSAW**	2,075	DW291293-01L	\$739,000.00	11/28/2012
JEFFERSON CO. PWSD #8*	3,500	DW291322-01L	\$260,000.00	11/29/2012
LINN**	1,430	DW291162-04L	\$1,143,000.00	01/30/2013
JEFFERSON CO. PWSD #12**	3,000	DW291324-01L	\$866,000.00	05/22/2013
TIPTON**	3,262	DW291331-01L	\$606,600.00	06/18/2013
CAMERON	14,000	DW291193-04L	\$616,000.00	07/17/2013
JACKSON COUNTY PWSD #16*	4,203	DW291319-01L	\$1,500,000.00	07/18/2013
MONETT*	8,835	DW291327-01L	\$11,012,000.00	09/09/2013
ST. LOUIS	319,294	DW291280-12L	\$9,500,000.00	11/13/2013

**SRF Binding Commitments**

Fiscal Years 1997 through 2020

<b>Project Name</b>	<b>Population</b>			<b>Amount</b>	<b>Closing Date</b>
	<b>Served</b>	<b>Project Number</b>			
BELTON PHASE I	24,802	DW291314-02L		\$7,039,000.00	03/27/2014
DEKALB COUNTY PWSD #1*	8,320	DW291341-01L		\$423,000.00	08/26/2014
AUXVASSE**	901	DW291222-03L		\$995,000.00	10/06/2014
CALIFORNIA*	4,278	DW291328-01L		\$1,601,000.00	10/16/2014
PLATTE COUNTY PWSD #3**	660	DW291315-02L		\$446,000.00	10/16/2014
LATHROP**	2,086	DW291195-02L		\$1,258,000.00	10/20/2014
BELTON PHASE II	24,802	DW291314-03		\$2,718,000.00	09/14/2015
AUDRAIN CO. PWSD #1**	1,700	DW291304-02L		\$164,000.00	09/28/2015
JACKSON COUNTY PWSD #16*	4,520	DW291319-03L		\$711,000.00	09/28/2015
HANNIBAL	17,606	DW291017-02		\$12,960,000.00	10/15/2015
PLATTE COUNTY CONSOLIDATED PWSD #1**	1,200	DW291335-01L		\$1,149,000.00	10/15/2015
BONNE TERRE*	4,187	DW291343-01L		\$1,985,000.00	11/18/2015
TRI-COUNTY WATER AUTHORITY	48,060	DW291181-04		\$33,432,000.00	01/25/2016
FREDERICKTOWN*	3,985	DW291346-01L		\$2,983,000.00	08/18/2016
POPLAR BLUFF	17,023	DW291204-03		\$1,031,000.00	08/22/2016
LATHROP PHASE II**	2,086	DW291195-03L		\$931,000.00	12/01/2016
SUNRISE BEACH PHASE I**	431	DW291219-02L		\$315,000.00	12/19/2016
HARRISONVILLE*	9,743	DW291356-01		\$9,544,000.00	01/17/2017
BIRCH TREE**	679	DW291350-01L		\$738,000.00	01/24/2017
REEDS SPRING**	913	DW291348-01L		\$434,000.00	03/09/2017
SPARTA, CITY OF**	1,752	DW291277-02L		\$1,896,000.00	06/27/2017
JACKSON COUNTY PWSD #13*	5,400	DW291336-01		\$3,000,000.00	07/27/2017
SCOTLAND CO. CONSOLIDATED PWSD #1**	2,668	DW291357-01		\$2,193,000.00	09/21/2017
CAMPBELL**	1,992	DW291333-01L		\$625,000.00	10/26/2017
OSAGE COUNTY PWSD #3**	1,400	DW291216-02		\$598,000.00	10/30/2017
OSAGE COUNTY PWSD #1**	1,200	DW291361-01L		\$1,111,000.00	11/07/2017
TRI-COUNTY WATER AUTHORITY	100,000	DW291181-04A		\$1,000,000.00	12/15/2017
MEMPHIS**	1,931	DW291363-01L		\$1,731,000.00	09/12/2019
BUCHANAN COUNTY PWSD #1**	2,400	DW291339-02L		\$1,272,000.00	09/26/2019
MARSHFIELD*	6,633	DW291148-04		\$6,164,000.00	01/15/2020
MADISON COUNTY PWSD NO. 1**	1,959	DW291364-01L		\$1,369,000.00	02/07/2020
CENTRALIA**	945	DW291366-01L		\$2,744,000.00	06/05/2020
LAURIE*	4,027	DW291312-02L		\$316,000.00	06/05/2020
			<b>58</b>	<b>\$154,979,500.00</b>	

**Funding Type: SRF GRANT**

BARRY COUNTY PWSD #2 (CRESTWOOD WEST)**	182	DW291228-01G	\$282,000.00	06/22/2011
OSAGE COUNTY PWSD #3**	1,350	DW291216-01G	\$693,000.00	07/21/2011
CASS COUNTY PWSD #10**	2,610	DW291249-02G	\$333,684.00	09/30/2011
CLARKSBURG**	390	DW291234-01G	\$340,000.00	10/05/2011
CASS COUNTY PWSD #11**	2,560	DW291313-01G	\$534,000.00	06/06/2012
PLATTE COUNTY PWSD #3**	1,200	DW291315-01G	\$582,000.00	06/12/2012
ROGERSVILLE**	3,047	DW291276-01G	\$559,113.00	08/24/2012
JEFFERSON COUNTY WATER AUTHORITY	14,005	DW291310-01G	\$751,000.00	09/06/2012
POPLAR BLUFF	16,651	DW291204-02G	\$1,324,000.00	09/07/2012
DESLOGE*	5,105	DW291258-01G	\$782,000.00	10/04/2012
JEFFERSON CO. PWSD #8*	3,500	DW291322-01G	\$260,000.00	12/06/2012
WARSAW**	2,075	DW291293-01G	\$739,000.00	12/20/2012
LINN**	1,430	DW291162-04G	\$1,117,620.00	02/22/2013
JEFFERSON CO. PWSD #12**	3,000	DW291324-01G	\$866,000.00	05/22/2013
CAMERON	14,000	DW291193-04G	\$490,500.00	07/15/2013
JACKSON COUNTY PWSD #16*	4,203	DW291319-01G	\$1,500,000.00	08/15/2013
MONETT*	8,835	DW291327-01G	\$2,000,000.00	09/16/2013
DEKALB COUNTY PWSD #1*	8,320	DW291341-01G	\$407,751.00	08/19/2014
AUXVASSE**	901	DW291222-03G	\$1,110,685.00	10/01/2014
CALIFORNIA*	4,278	DW291328-01G	\$1,601,000.00	10/07/2014
LATHROP**	2,086	DW291195-02G	\$1,248,000.00	10/08/2014
PLATTE COUNTY PWSD #3**	660	DW291315-02G	\$446,000.00	10/15/2014
JACKSON COUNTY PWSD #16*	4,520	DW291319-03G	\$702,750.00	09/09/2015
AUDRAIN CO PWSD #1**	1,700	DW291304-02G	\$163,028.00	09/22/2015
PLATTE COUNTY CONSOLIDATED PWSD #1**	1,200	DW291335-01G	\$647,946.00	10/15/2015
BONNE TERRE*	4,187	DW291343-01G	\$1,984,287.00	11/18/2015

**SRF Binding Commitments**

Fiscal Years 1997 through 2020

<b>Project Name</b>	<b>Population</b>			<b>Closing Date</b>
	<b>Served</b>	<b>Project Number</b>	<b>Amount</b>	
LATHROP PHASE II**	2,086	DW291195-03G	\$930,710.00	12/01/2016
SUNRISE BEACH PHASE I**	431	DW291219-02G	\$865,343.00	12/19/2016
BIRCH TREE**	679	DW291350-01G	\$1,856,325.00	01/24/2017
REEDS SPRING**	913	DW291348-01G	\$934,500.00	03/09/2017
SPARTA, CITY OF**	1,752	DW291277-02G	\$1,896,000.00	06/21/2017
CLARKSVILLE**	480	DW291358-01G	\$201,225.00	10/06/2017
CAMPBELL**	1,992	DW291333-01G	\$1,569,460.00	10/13/2017
OSAGE COUNTY PWSD #1**	1,200	DW291361-01G	\$584,414.00	10/19/2017
MEMPHIS**	1,931	DW291363-01G	\$1,882,841.00	09/06/2019
BUCHANAN COUNTY PWSD #1**	2,400	DW291339-02G	\$1,272,000.00	09/19/2019
MADISON COUNTY PWSD NO. 1**	1,959	DW291364-01G	\$2,000,000.00	01/17/2020
LAURIE**	945	DW291312-02G	\$948,000.00	06/05/2020
	<b>38</b>		<b>\$36,406,182.00</b>	
<b>Total Binding Commitments</b>			<b>\$487,273,534.00</b>	

\* Systems that serve &lt;10,000 population

\*\* Systems that serve 3,300 or less population

## **XV. Management's Discussion and Analysis**

The following is a discussion and analysis of the financial activities for the Missouri Department of Natural Resources' Drinking Water State Revolving Fund (SRF) program for the year ended September 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the Notes to the Financial Statements.

### **Financial Highlights**

The assets and deferred outflows of resources of the program exceeded liabilities and deferred inflows of resources at the close of the most recent reporting period by \$264,869,845 (net position). Net position, since inception of the program, consists of federal capitalization grant contributions of \$265,140,293, state match contributions of \$25,735,749, and a net loss of \$26,006,197. The net position of the program is all restricted. The program's enabling legislation and related regulations require that all money in the fund may be used only for purposes of the program.

Total assets increased from \$355,132,221 at September 30, 2019, to \$344,717,294 at September 30, 2020. The assets of the enterprise funds decreased \$10,406,957 while the assets of the agency fund decreased \$7,970. Explanations for these changes are detailed in the Financial Analysis section.

Total liabilities decreased \$18,034,615. The majority of the decrease was from a decrease in bonds payable. Bonds payable decreased \$18,568,510 because the program has changed from primarily a leveraged loan program to a direct loan program.

During the reporting period, the program's total net position increased \$6,748,900. Capital contributions from the Environmental Protection Agency (EPA) totaled \$7,677,631. The current period's operating loss is \$659,369.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Department's Drinking Water SRF basic financial statements. The program's basic financial statements are comprised of two components: 1) proprietary and fiduciary fund financial statements, and 2) notes to the financial statements.

The proprietary and fiduciary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows, and a Statement of Fiduciary Net Position.

- The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the program. Assets consist of cash and cash equivalents, investments, interest receivable from loans and investments, administration fees receivable, EPA set-aside grant funds receivable, and loans receivable. Deferred outflows of resources consist of the deferred charge on refunding

and deferred outflows for pension and other post-employment benefits (OPEB). Liabilities include accounts payable, unearned revenue(s), bonds payable, bond interest payable, net pension, and OPEB. Deferred inflows of resources include amounts deferred for pension and OPEB. Net position is the federal capitalization grant contributions, the state match contributions, and the excess earnings of the program's operations since inception.

- The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the program's net position changed during the reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.
- The Statement of Cash Flows is provided to identify the sources and the uses of cash during the reporting period and to demonstrate that the program has sufficient cash to meet its obligations.
- The Statement of Fiduciary Net Position provides information about the program's agency fund. The agency fund consists of the assets and liabilities related to the loan funds that are held at trustee banks on behalf of the loan participants.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

## **Financial Analysis**

### **Loan Fund:**

The following section displays the current and prior year financial statements of the loan fund and describes some of the major reasons for the changes.

#### **Loan Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Current assets	\$ 104,997,988	\$ 87,216,657	20%
Non-current assets	233,640,627	262,785,677	-11%
Total assets	338,638,615	350,002,334	-3%
Deferred outflows	1,786,255	2,296,958	-22%
Total assets and deferred outflows	340,424,870	352,299,292	-3%
Current liabilities	15,787,002	16,935,732	-7%
Non-current liabilities	58,611,014	75,977,267	-23%
Total liabilities	74,398,016	92,912,999	-20%
Net position	\$ 266,026,854	\$ 259,386,293	3%

The total net position of the loan fund increased by three percent. Current assets increased by \$17,781,331 as cash on hand increased by \$11,052,936 and current restricted investments increased by \$8,005,565.

Non-current assets decreased by \$29,145,050 as a result of a \$8,452,536 decrease in non-current restricted investments, and a \$20,692,514 decrease in non-current loans receivable. Total liabilities decreased by \$18,514,983 as bonds payable decreased.

### **Changes in Loan Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Operating revenues	\$ 4,789,077	\$ 5,491,108	-13%
Operating expenses	5,518,597	466,295	1083%
Operating income	(729,520)	5,024,813	-115%
Non-operating revenues (expenses)	7,370,081	(1,010,544)	-829%
Increase in net position	6,640,561	4,014,269	65%
Net position, beginning of year	259,386,293	255,372,024	2%
Net position, end of year	<u>\$ 266,026,854</u>	<u>\$ 259,386,293</u>	<u>3%</u>

Operating income decreased by \$5,754,333 primarily as a result of the disbursements to grant recipients increasing. The increase in grant disbursements also resulted in an increase in corresponding EPA grant revenue.

### **Loan Fund Cash Flows**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Cash flows from operating activities	\$ 21,474,322	\$ 29,181,875	-26%
Cash flows from non-capital financing activities	(13,336,324)	(7,012,057)	90%
Cash flows from investing activities	2,914,938	(40,445,764)	-107%
Increase (decrease) in cash and cash equivalents	11,052,936	(18,275,946)	-160%
Cash and cash equivalents, beginning of year	58,512,055	76,788,001	-24%
Cash and cash equivalents, end of year	<u>\$ 69,564,991</u>	<u>\$ 58,512,055</u>	<u>19%</u>

The change in the loan fund cash flow numbers between fiscal year 2019 and 2020 was primarily for the following reasons:

- 1) A \$6,580,625 increase in loan and grant disbursements, which also resulted in an increase to EPA grant funds received of \$7,036,691.
- 2) An \$11,910,000 increase in bond principal retired.
- 3) A \$43,005,000 reduction in investments purchased due to there being no purchase in this reporting period, which did occur in the previous reporting period.

### **Administration Fee Fund:**

The following section displays the current and prior year financial statements of the administration fee fund and describes some of the major reasons for the changes.

#### **Administration Fee Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Current assets	\$ 4,186,040	\$ 3,291,229	27%
Non-current assets	1,108	1,430	-23%
Total assets	4,187,148	3,292,659	27%
Deferred outflows	(18,483)	27,792	-167%
Total assets and deferred outflows	4,168,665	3,320,451	26%
Current liabilities	9,610	7,916	21%
Non-current liabilities	215,717	100,050	116%
Total liabilities	225,327	107,966	109%
Deferred inflows	(66,237)	(58,780)	13%
Total liabilities and deferred inflows	159,090	49,186	223%
Net position	<b>\$ 4,009,575</b>	<b>\$ 3,271,265</b>	<b>23%</b>

The 23 percent increase in the administration fee fund net position was primarily the result of a \$925,086 increase in cash.

#### **Changes in Administration Fee Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Operating revenues	\$ 945,539	\$ 1,028,944	-8%
Operating expenses	245,417	773,227	-68%
Operating income	700,122	255,717	174%
Non-operating revenues (expenses)	38,188	51,298	-26%
Increase in net position	738,310	307,015	140%
Net position, beginning of year	3,271,265	2,964,585	10%
Prior period adjustment	-	(335)	-100%
Net position, end of year	<b>\$ 4,009,575</b>	<b>\$ 3,271,265</b>	<b>23%</b>

There was a decrease of \$527,810 in operating expenses because more expenses were paid from administration fees in the previous reporting period. The decrease in non-operating revenues was due to a reduction in investment income.

### **Administration Fee Fund Cash Flows**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Cash flows from operating activities	\$ 883,921	\$ 304,378	190%
Cash flows from capital and related financing activities	-	(1,599)	-100%
Cash flows from investing activities	41,165	53,090	-22%
Increase in cash and cash equivalents	925,086	355,869	160%
Cash and cash equivalents, beginning of year	2,972,122	2,616,253	14%
Cash and cash equivalents, end of year	<u>\$ 3,897,208</u>	<u>\$ 2,972,122</u>	<u>31%</u>

Administration fee fund cash increased \$925,086 during the year mainly because the administration fees received exceeded the personal service and other administrative expenses by \$883,921.

### **Set-Aside Fund:**

The following section displays the current and prior year financial statements of the set-aside fund and describes some of the major reasons for the changes:

### **Set-Aside Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Current assets	\$ 959,878	\$ 896,983	7%
Non-current assets	2,872	3,494	-18%
Total assets	962,750	900,477	7%
Deferred outflows	1,029,529	1,409,121	-27%
Total assets and deferred outflows	1,992,279	2,309,598	-14%
Current liabilities	971,430	908,469	7%
Non-current liabilities	6,085,416	5,777,400	5%
Total liabilities	7,056,846	6,685,869	6%
Deferred inflows	102,017	160,342	-36%
Total liabilities and deferred inflows	7,158,863	6,846,211	5%
Net position	<u>\$(5,166,584)</u>	<u>\$(4,536,613)</u>	<u>14%</u>

The net position of the set-aside fund decreased \$629,971 in the 2020 reporting period, which was primarily attributable to a \$312,652 increase in total liabilities and deferred inflows due to the net pension liability and OPEB liability and a \$379,592 decrease in deferred outflows related to pension and OPEB.

### **Changes in Set-Aside Fund Net Position**

	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Operating revenues	\$ 5,948,448	\$ 4,381,977	36%
Operating expenses	6,578,419	5,071,827	30%
Operating loss	(629,971)	(689,850)	-9%
Decrease in net position	(629,971)	(689,850)	-9%
Net position, beginning of year	(4,536,613)	(3,846,763)	18%
Net position, end of year	<u>\$ (5,166,584)</u>	<u>\$ (4,536,613)</u>	<u>14%</u>

There was a \$1,506,592 increase in operating expenses. Salaries and benefits expense increased \$1,374,097 and indirect costs increased \$182,751. These increases in operating expenses resulted in a corresponding increase in EPA operating grant revenue.

### **Set-Aside Cash Flows:**

Typically the set-aside fund does not have a cash balance, as any cash paid out is offset by cash coming in, resulting in the yearly cash provided by operating activities of \$0.

### **Agency Fund**

The following section displays the current and prior year assets and liabilities of the agency fund:

<b>Agency Fund Net Position</b>	<b>2020</b>	<b>2019</b>	<b>Percent Change</b>
Assets	\$ 928,781	\$ 936,751	-1%
Liabilities	928,781	936,751	-1%
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>0%</u>

The agency fund assets and liabilities remained fairly static because the program continues to fund new loans on a payment-by-payment basis instead of placing one-hundred percent of the loan funds at a trustee bank at the time of the loan closing. The remaining agency funds consist of the applicant's unspent loan funds, debt service reserve funds, as well as the rebate funds held for arbitrage payments.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Statement of Net Position**  
**September 30, 2020 - Unaudited**  
**Exhibit 2**

	Loan Fund	Administration Fee Fund	Set-Aside Fund	Total Enterprise Funds
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 69,564,991	\$ 3,897,208	\$ -	\$ 73,462,199
Restricted investments - current portion	8,452,536	-	-	8,452,536
Receivables:				
Loan interest	1,071,301	-	-	1,071,301
Investment interest	170,695	4,091	-	174,786
Administrative fees	-	284,741	-	284,741
Due from EPA	-	-	959,878	959,878
Current portion of loans receivable:				
Leveraged loans	11,125,000	-	-	11,125,000
Direct loans	8,243,200	-	-	8,243,200
Reserve loans	6,370,265	-	-	6,370,265
Total current assets	<u>104,997,988</u>	<u>4,186,040</u>	<u>959,878</u>	<u>110,143,906</u>
Non-current assets:				
Restricted investments	41,812,718	-	-	41,812,718
Loans receivable:				
Leveraged loans	41,940,000	-	-	41,940,000
Direct loans	122,090,076	-	-	122,090,076
Reserve loans	27,797,833	-	-	27,797,833
Capital assets	-	1,599	31,145	32,744
Less accumulated depreciation	-	(491)	(28,273)	(28,764)
Total non-current assets	<u>233,640,627</u>	<u>1,108</u>	<u>2,872</u>	<u>233,644,607</u>
Total assets	<u>338,638,615</u>	<u>4,187,148</u>	<u>962,750</u>	<u>343,788,513</u>
Deferred outflows of resources:				
Deferred charge on refunding	1,786,255	-	-	1,786,255
Deferred outflows - pension	-	(18,573)	1,021,063	1,002,490
Deferred outflows - OPEB	-	90	8,466	8,556
Total deferred outflows	<u>1,786,255</u>	<u>(18,483)</u>	<u>1,029,529</u>	<u>2,797,301</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	-	8,390	108,884	117,274
Salaries and benefits payable	-	1,220	325,523	326,743
Bond interest payable	814,793	-	-	814,793
Current portion of bonds payable	14,559,620	-	-	14,559,620
Current portion of unearned revenue	-	-	11,487	11,487
Due to State of Missouri	-	-	525,536	525,536
Other payables	412,589	-	-	412,589
Total current liabilities	<u>15,787,002</u>	<u>9,610</u>	<u>971,430</u>	<u>16,768,042</u>
Non-current liabilities:				
Unearned revenue(s)	-	-	(8,614)	(8,614)
Bonds payable, net	58,611,014	-	-	58,611,014
Net pension liability	-	215,364	5,943,179	6,158,543
Net OPEB liability	-	353	150,851	151,204
Total non-current liabilities	<u>58,611,014</u>	<u>215,717</u>	<u>6,085,416</u>	<u>64,912,147</u>
Total liabilities	<u>74,398,016</u>	<u>225,327</u>	<u>7,056,846</u>	<u>81,680,189</u>
Deferred inflows:				
Deferred inflows - pension	-	(66,309)	96,328	30,019
Deferred inflows - OPEB	-	72	5,689	5,761
Total deferred inflows	<u>-</u>	<u>(66,237)</u>	<u>102,017</u>	<u>35,780</u>
Net position:				
Net investment in capital assets	-	1,108	2,872	3,980
Restricted for loans and debt service	266,026,854	4,008,467	(5,169,456)	264,865,865
Total net position	<u>\$ 266,026,854</u>	<u>\$ 4,009,575</u>	<u>\$ (5,166,584)</u>	<u>\$ 264,869,845</u>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended September 30, 2020 - Unaudited**  
**Exhibit 3**

	Loan Fund	Administration Fee Fund	Set-Aside Fund	Total Enterprise Funds
Operating revenues:				
Interest income on SRF loans	\$ 4,690,613	\$ -	\$ -	\$ 4,690,613
Administrative fees	-	945,539	-	945,539
EPA set-aside operating grants	-	-	5,948,448	5,948,448
Other	98,464	-	-	98,464
Total operating revenues	<u>4,789,077</u>	<u>945,539</u>	<u>5,948,448</u>	<u>11,683,064</u>
Operating expenses:				
Salaries and benefits	-	225,954	4,473,157	4,699,111
Travel	-	-	18,253	18,253
Other administrative expenses	-	3,758	1,119,769	1,123,527
Indirect costs	-	15,383	966,618	982,001
Depreciation expense	-	322	622	944
Grant payments	<u>5,518,597</u>	<u>-</u>	<u>-</u>	<u>5,518,597</u>
Total operating expenses	<u>5,518,597</u>	<u>245,417</u>	<u>6,578,419</u>	<u>12,342,433</u>
Operating income (loss)	<u>(729,520)</u>	<u>700,122</u>	<u>(629,971)</u>	<u>(659,369)</u>
Non-operating revenues (expenses):				
Environmental Protection Agency grants	7,677,631	-	-	7,677,631
Investment income	2,438,042	38,188	-	2,476,230
Bond issue expense	(76,433)	-	-	(76,433)
Interest expense on bonds payable	<u>(2,669,159)</u>	<u>-</u>	<u>-</u>	<u>(2,669,159)</u>
Total non-operating revenues (expenses)	<u>7,370,081</u>	<u>38,188</u>	<u>-</u>	<u>7,408,269</u>
Increase (decrease) in net position	6,640,561	738,310	(629,971)	6,748,900
Net position, beginning of year	<u>259,386,293</u>	<u>3,271,265</u>	<u>(4,536,613)</u>	<u>258,120,945</u>
Net position, end of year	<u>\$ 266,026.854</u>	<u>\$ 4,009,575</u>	<u>\$ (5,166,584)</u>	<u>\$ 264,869,845</u>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Statement of Cash Flows**  
**Year Ended September 30, 2020 - Unaudited**

**Exhibit 4**

	Loan Fund	Administration Fee Fund	Set-Aside Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>				
Grant disbursements	\$ (5,254,513)	\$ -	\$ -	\$ (5,254,513)
Loan disbursements	(6,581,971)	-	-	(6,581,971)
Repayments received on loans	28,347,623	-	-	28,347,623
Interest received on loans	4,864,720	-	-	4,864,720
Administrative fees	-	972,837	-	972,837
EPA set-aside grant	-	-	5,884,932	5,884,932
Payments to employees	-	(71,040)	(3,682,698)	(3,753,738)
Other administrative payments	-	(17,876)	(2,201,065)	(2,218,941)
Other	98,463	-	(1,169)	97,294
<b>Net cash flows from operating activities</b>	<b><u>21,474,322</u></b>	<b><u>883,921</u></b>	<b><u>-</u></b>	<b><u>22,358,243</u></b>
<b>Cash flows from noncapital financing activities:</b>				
Bonds issued, including premium	8,739,910	-	-	8,739,910
Bond principal retired	(25,820,000)	-	-	(25,820,000)
Interest paid on bonds	(3,857,432)	-	-	(3,857,432)
Environmental Protection Agency grants	7,677,631	-	-	7,677,631
Bond issuance costs	(76,433)	-	-	(76,433)
<b>Net cash flows from noncapital financing activities</b>	<b><u>(13,336,324)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(13,336,324)</u></b>
<b>Cash flows from investing activities:</b>				
Proceeds from sales and investment maturities	446,971	-	-	446,971
Investment income	2,467,967	41,165	-	2,509,132
<b>Net cash flows from investing activities</b>	<b><u>2,914,938</u></b>	<b><u>41,165</u></b>	<b><u>-</u></b>	<b><u>2,956,103</u></b>
Increase (decrease) in cash and cash equivalents	11,052,936	925,086	-	11,978,022
Cash and cash equivalents, beginning of year	<u>58,512,055</u>	<u>2,972,122</u>	<u>-</u>	<u>61,484,177</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 69,564,991</u></b>	<b><u>\$ 3,897,208</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 73,462,199</u></b>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ (729,520)	\$ 700,122	\$ (629,971)	\$ (659,369)
<b>Adjustments to reconcile net operating income (loss) to net cash flows from operations:</b>				
Depreciation expense	-	322	622	944
(Increase) decrease in deferred outflows - pension	-	46,185	371,126	417,311
(Increase) decrease in deferred outflows - OPEB	-	90	8,466	8,556
Increase (decrease) in net pension liability	-	115,650	307,379	423,029
Increase (decrease) in OPEB liability	-	17	1,259	1,276
Increase (decrease) in deferred inflows - pension	-	(7,385)	(52,636)	(60,021)
Increase (decrease) in deferred inflows -OPEB	-	(72)	(5,689)	(5,761)
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in loan interest receivable	174,106	-	-	174,106
(Increase) decrease in loans receivable	21,765,652	-	-	21,765,652
(Increase) decrease in other receivables	-	27,297	(62,895)	(35,598)
Increase (decrease) in accounts payable	264,084	1,695	62,339	328,118
<b>Net cash flows from operating activities</b>	<b><u>\$ 21,474,322</u></b>	<b><u>\$ 883,921</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,358,243</u></b>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Statement of Fiduciary Net Position**  
**September 30, 2020 - Unaudited**

**Exhibit 5**

	<u>Agency Fund</u>
Assets:	
Cash and cash equivalents	\$ 928,775
Investment interest receivable	6
Total assets	<u>928,781</u>
Liabilities:	
Arbitrage rebate payable	(168,149)
Due to other governments	680,630
Other payables	<u>416,300</u>
Total liabilities	<u>928,781</u>
Net position	<u>\$ -</u>

See accompanying notes to the financial statements.

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
Notes to the Financial Statements – Unaudited  
Exhibit 6**

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

The Missouri Department of Natural Resources Drinking Water SRF program was established pursuant to the Safe Drinking Water Act (SDWA) Amendments of 1996. Section 1452 of this act authorizes the administrator of the EPA to establish a Drinking Water SRF program to assist public water systems with financing the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements, to protect public health, and to allow states to carry out prevention programs.

The Drinking Water SRF program was capitalized by the EPA through a series of grants starting in 1997. For most of the grants, states are required to provide an additional 20 percent of the federal capitalization grant as matching funds. As of September 30, 2020, Congress had authorized EPA to award \$416,722,331 in capitalization grants to the State of Missouri. The state is required to contribute \$75,772,066 in matching funds. This includes \$3,882,200 of state match that is due in the next reporting period.

The program is administered by the Department, the Missouri Environmental Improvement and Energy Resources Authority (EIERA), and the Missouri Safe Drinking Water Commission. The EIERA issues bonds or notes to finance qualified projects, and the Department receives the capitalization grants from the EPA. The program is comprised of four funds within the state and an agency fund that holds the construction loan funds. The state funds are:

- Water and Wastewater Loan Fund (Fund 0649) – receives the federal capitalization grant funds and uses those funds to make grants and loans;
- Water and Wastewater Loan Revolving Fund (Fund 0602) - receives loan repayments and uses those funds to make new loans;
- Water Pollution Permit Fee Fund (Fund 0568) - receives loan fees charged to borrowers and can be used to pay administration costs of the program; Fund 0568 includes a state match subaccount that funds federal capitalization grant state match; and
- Department of Natural Resources Federal Fund (Fund 0140) - receives federal capitalization grant funds that fund set-aside activities.

The agency fund accounts for the monies held at trustee banks on behalf of the loan participants, as well as the rebate funds held for arbitrage payments.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Notes to the Financial Statements – Unaudited**  
**Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

Missouri's statewide Comprehensive Annual Financial Report includes the Drinking Water SRF program as a special revenue fund, which uses the modified accrual basis of accounting. Due to differences in reporting methods and periods, there may be differences between the amounts reported in these financial statements and the Comprehensive Annual Financial Report. One major difference between the amounts reported in these reports is that the agency fund is not included in the Comprehensive Annual Financial Report but is shown in these financial statements.

**Program Operations**

The program provides financing to participants using three main types of funding: leveraged and reserve loans, direct loans, and grants.

**A. Leveraged and Reserve Loans**

Prior to State Fiscal Year (SFY) 2010, the program's main type of financing was through the use of leveraged and reserve loans. Missouri leveraged federal and state matching funds by issuing revenue bonds to make loans to qualified communities and by using federal grant and state matching funds to create reserves for the loans. Interest earned on the reserves subsidized loan interest rates and enhanced the security of the loans, which are pledged to repay bond principal and interest. Borrowers, in essence, received two loans from the Drinking Water SRF program: a market-rate loan funded by the revenue bond proceeds that equaled project construction costs, and a zero-rate loan funded by capitalization grants and state matching funds that funded the reserves for the bonds. Bond proceeds were deposited to the construction loan accounts, which were held by the trustee bank. As communities drew on these funds to pay construction costs, a percentage of that amount (33.33 percent for bonds issued prior to 2002, 50 percent for bonds issued from 2002-2003, and 70 percent for bonds issued after 2003) was transferred to a reserve account established for each borrower. For loans closed in SFY 2009, the reserve accounts were funded at closing rather than as construction funds were released. Earnings in the reserve account reduced the borrower's net interest payments on the bonds, resulting in the subsidized, blended interest rate on the project loan.

Beginning with bond series 2003C, a portion of the revenue bonds sold to fund the leveraged loans were state match bonds that will be repaid with interest earnings on the loans. The state match bond proceeds were used to fund a portion of the construction loan account, while the reserve account was funded with federal grant and recycled funds.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Notes to the Financial Statements – Unaudited**  
**Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

**B. Direct Loans**

Direct loans that were closed on prior to SFY 2010 were funded from the Water and Wastewater Loan Revolving Fund. Loan proceeds were deposited to the construction loan accounts, which were held by the trustee bank. As construction costs were incurred, funds were released from the trustee bank to the borrower. The borrower repaid the loan by making monthly principal and interest payments to the trustee bank. On the debt service due dates, the trustee bank makes the debt service payment to the program.

During SFY 2010, the program changed how it funds direct loans. Instead of funding the loan up front and holding the funds at a trustee bank, the loan is funded incrementally as construction costs are incurred and funds are requested by the loan recipient. The borrower repays the loan by making quarterly principal and interest payments to the trustee bank. These loans are funded with federal grant and/or recycled funds.

**C. Grants**

Missouri was awarded the American Recovery and Reinvestment Act (ARRA) capitalization grant during SFY 2010. The terms and conditions of the ARRA capitalization grant required that not less than 50 percent of assistance provided be in the form of additional loan subsidies, such as principal forgiveness, negative interest loans or grants. Missouri chose to provide the required additional subsidization through grants. ARRA projects were funded through a combination of 50 percent grant and 50 percent loan with a maximum grant of \$2,000,000 per applicant. Disadvantaged communities were eligible for a 75 percent grant with a 25 percent direct loan. Grant payments were made directly to the recipient as construction costs were incurred.

Terms and conditions of the following capitalization grants require that additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants be provided. Missouri has chosen to provide the additional subsidization through grants. However, after passage of the America's Water Infrastructure Act (AWIA) in 2018, the Department is required to make additional subsidies available through principal forgiveness rather than grant with a specified percentage of its capitalization grant, beginning with the 2019 capitalization grant. The following table lists the ranges at which additional subsidization is required.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Notes to the Financial Statements – Unaudited**  
**Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

<b>Federal Fiscal Year</b>	<b>Drinking Water Capitalization Grant</b>	<b>State Fiscal Year Awarded</b>	<b>Minimum</b>	<b>Maximum</b>
2010	FS997629-10	2011		30.00 percent
2011	FS997629-11	2012		30.00 percent
2012	FS997629-12	2013	20.00 percent	30.00 percent
2013	FS997629-13	2014	20.00 percent	30.00 percent
2014	FS997629-14	2014	20.00 percent	30.00 percent
2015	FS997629-15	2015	20.00 percent	30.00 percent
2016	FS997629-16	2016	20.00 percent	20.00 percent
2017	FS997629-17	2017	20.00 percent	20.00 percent
2018	FS997629-18	2018	20.00 percent	20.00 percent
2019	FS997629-19	2019	20.00 percent	20.00 percent
2019-AWIA	FS997629-19	2019	6.00 percent	35.00 percent
2020	FS997629-20	2020	14.00 percent	14.00 percent
2020-AWIA	FS997629-20	2020	6.00 percent	35.00 percent

\* America's Water Infrastructure Act (AWIA) of 2018 went into effect with the 2019 Capitalization grant and requires the state to make loan subsidies to disadvantaged communities, in addition to the additional subsidy that is required by Congress as stated in the Congressional Appropriations.

**Basis of Accounting**

The financial statements include enterprise funds and a fiduciary fund. The loan, administration fee and set-aside funds are presented as enterprise funds and the agency fund is presented as a fiduciary fund. All funds are maintained on the accrual basis. The enterprise funds are accounted for using the flow of economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time the liabilities are incurred.

All assets, deferred inflows and outflows of resources and liabilities associated with the operations of the enterprise funds are included on the Statement of Net Position. The assets and liabilities of the agency fund are included on the Statement of Fiduciary Net Position.

Drinking Water SRF reports the following major funds:

*Loan Fund.* The loan fund provides financial assistance to municipalities, counties, political subdivisions and instrumentalities of the state. Funding for these loan programs is generated from federal capitalization grants, proceeds of revenue bonds issued to provide required state matching monies, proceeds of revenue bonds issued for the leveraged program, and recycled monies.

**Missouri Department of Natural Resources**  
**Drinking Water State Revolving Fund**  
**Notes to the Financial Statements – Unaudited**  
**Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

*Administration Fee Fund.* This fund accounts for the administration fees received on loans and the use of those fees to pay salaries, associated expenses of program personnel devoting time to the administration of the program and other eligible purposes.

*Set-Aside Fund.* The set-aside fund provides monies to establish and implement programs with emphasis on preventing contamination problems through source-water protection and encouraging better system operations. The Drinking Water SRF program allows states to reserve up to 31 percent of the capitalization grant to use towards administration and technical assistance, small system technical assistance, public water system supervision program management and local assistance and other state programs. In 2020, the Department reserved 31 percent of the federal fiscal year (FFY) 2020 grant for set-aside activities.

In addition, the program reports the following fund type:

*Agency Fund.* This fund accounts for monies held on behalf of municipalities, counties, political subdivisions, and instrumentalities of the state. This fund includes the funds generated by the sale of the bonds on behalf of loan participants, which are deposited with a trustee bank in the applicant's name. The agency fund also includes rebate funds held for arbitrage payments.

**Cash, Cash Equivalents and Investments**

**A. Enterprise Funds**

All monies in the state funds (Funds 0140, 0568, 0602, and 0649) are required to be deposited with the Missouri State Treasurer's Office, which is responsible for maintaining the deposits in accordance with state law. The program considers all such deposits to be cash. Investment interest earnings on these deposits are received by the program periodically throughout the month.

According to state law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the program, as further discussed in Note 2. Consequently, management of the program does not have any control over the investment of the excess cash. The statement of cash flows considers all funds deposited with the Treasurer to be cash or cash equivalents, regardless of actual maturities of the underlying investments.

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
Notes to the Financial Statements – Unaudited  
Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

Monies of the enterprise funds that are held at the trustee bank are invested in either money market mutual funds, guaranteed investment contracts, or state and local government series securities by the trustee bank. The money market mutual funds are considered to be cash or cash equivalents. The securities are longer term investments and are stated at fair value. The contracts are stated at cost as they are not negotiable or transferable and are not affected by market fluctuations. The enterprise funds do not include monies held at trustee banks on behalf of the loan participants. Those monies are accounted for under the agency fund.

**B. Agency Fund**

The agency fund accounts for the monies held at trustee banks on behalf of the loan participants, as well as the rebate funds held for arbitrage payments. The program considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Operating Revenues and Expenses**

Revenues and expenses as a result of providing loans and grants to participants are considered operating revenues and expenses. Operating revenues include interest earned on loans, administration fee revenue, and operating grants. Operating expenses include grant payments, salaries, benefits, other administrative expenses, and accruals.

The non-operating revenues and expenses of the program are investment income, EPA capitalization grant revenues and bond related expenses.

**Administration Fees**

The program charges an administration fee to borrowers to fund administrative costs of operating the program. The program's administrative expenses are currently paid with administration fees and grant set-aside funds. During the reporting period ending September 30, 2020, \$972,837 was collected for administration fees from borrowers and \$41,165 of investment interest was received. The cash balance of the administration fee fund was \$3,897,208 as of September 30, 2020.

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
Notes to the Financial Statements – Unaudited  
Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to and deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Bonds Payable**

Bonds issued prior to 2010 are special limited obligations of EIERA, payable from borrower loan repayments and a reserve account established for each borrower in accordance with a master trust agreement. Interest expense is reported on the accrual basis. Due to the flow-through effect of the bonds and related receivables, bond discounts, premiums and issuance costs are not reported by the program since they represent the costs of the borrowers.

Borrowers make monthly payments to debt service repayment accounts, which also earn interest that further subsidizes the interest rates. On bond payment dates, transfers are made from the repayment accounts to the debt service funds to make the semi-annual interest payments and annual bond principal payments. Interest earnings on the construction loan accounts and reserve accounts are also transferred to the debt service funds on the bond payment dates. These interest earnings reduce the amount that is needed from the repayment accounts.

As outstanding bond principal is reduced, a proportional amount is released from the reserve account. The released amounts flow to the master trust unallocated fund, and, if there are no defaults, are transferred to the Water and Wastewater Loan Revolving Fund to be used to make new loans.

Bonds issued since 2010 are different than previous issues. There is no longer a direct link between the bonds and the loans. Any premium or cost of issuing the bonds is no longer passed on to the loan borrower. Therefore, those amounts are reported on the program's financial statements.

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
Notes to the Financial Statements – Unaudited  
Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The program has three items that qualify for reporting in this category. Those are the deferred charge on refunding, the deferred outflows for pension, and the deferred outflows for Other Post-Employment Benefits (OPEB), which are reported in the statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The program has two items that qualify for reporting in this category, which are deferred inflows for pension and deferred inflows for OPEB.

**Pending Governmental Accounting Standards Board Statements**

**GASB Statement No. 84**

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2019. GASB Statement No. 95 postpones by one year the effective dates of certain provisions of this statement.

**GASB Statement No. 91**

GASB Statement No. 91, *Conduit Debt Obligations*, was issued May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
Notes to the Financial Statements – Unaudited  
Exhibit 6**

**Note 1: Summary of Significant Accounting Policies (continued)**

additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. GASB Statement No. 95 postpones by one year the effective dates of certain provisions of this statement.

**GASB Statement No. 92**

GASB Statement No. 92, *Omnibus 2020*, was issued January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. GASB Statement No. 95 postpones by one year the effective dates of certain provisions of this statement.

**GASB Statement No. 93**

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020 and December 31, 2021. GASB Statement No. 95 postpones by one year the effective dates of certain provisions of this statement.

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**Note 1: Summary of Significant Accounting Policies (continued)**

**GASB Statement No. 94**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, and all other reporting periods thereafter.

**GASB Statement No. 95**

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

**GASB Statement No. 96**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, and all other reporting periods thereafter.

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**Note 1: Summary of Significant Accounting Policies (continued)**

**GASB Statement No. 97**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 15 and No. 84, and a supersession of GASB Statement No. 32*, was issued June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this Statement are effective immediately while others are effective for reporting periods beginning after June 15, 2021.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2: Cash, Cash Equivalents, and Investments**

**State Funds**

All cash in the state funds (Funds 0140, 0568, 0602, and 0649) is required to be deposited with the State Treasurer, who is responsible for maintaining and investing the pooled cash balances in accordance with state laws. The Treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. The program's share of the investment income from the local government investment pool is based on the average daily balance for the period and is credited to the program periodically throughout the month.

The State Treasurer's Office (STO) has its own policies for custodial credit risk, interest rate risk, credit risk, concentration of credit risk and foreign currency risk. Details of the investments and risks can be obtained from the STO.

**Missouri Department of Natural Resources  
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**Note 2: Cash, Cash Equivalents, and Investments (continued)**

All cash and investments in the local investment pool are stated at cost, which approximates fair value. The investments in the local government investment pool are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Trustee Bank Funds**

All cash and investments held by trustee banks are invested in accordance with the trustee investment agreement and the bond indentures. Allowable investments include:

- Federal securities.
- Direct and general obligations of the state which are pledged by the full faith and credit of the state and are rated in either of the two highest rating categories.
- Deposits at banks, trust companies or savings and loan associations which are fully insured by FDIC.
- Federal funds, unsecured certificates of deposit, time deposits and banker acceptances (having maturities of not more than 365 days) of any bank and which are rated in the highest short term rating category.
- Unsecured promissory notes of any bank, trust company, national banking association or bank holding company equal to such institution's outstanding unsecured long term debt that is rated in the highest rating category.
- Tax exempt permitted investments.
- Any other investment agreement with a provider that is rated, or whose unsecured, long term obligations are rated at least "Aa2" or equivalent, or with a provider whose obligations are guaranteed by a guarantor which is rated, or whose unsecured, long term obligations are rated at least "Aa2" or equivalent.
- Commercial paper issued by domestic corporations rated in the second highest short term rating category.
- Shares in money market mutual funds rated in the highest applicable rating category.

*Custodial credit risk.* This is the risk that, in the event of the failure of the counterparty, the program will not be able to recover the value of its deposits or investments. There are no cash and cash equivalents held by the trustee banks that were exposed to custodial credit risk. Also, no cash and cash equivalents were invested in money market mutual funds.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the investment's fair value. The program does not have a policy to address interest rate risk.

*Credit risk.* The trustee banks are responsible for monitoring credit risk as it relates to the types of investments that can be made in accordance with the trustee investment agreement. The program has no investment policy that further limits its investment choices.

**Missouri Department of Natural Resources**  
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**Note 2: Cash, Cash Equivalents, and Investments (continued)**

*Concentration of credit risk.* The program places no limit on the amount that may be invested with any one issuer.

*Fair value measurement.* The Drinking Water SRF program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2020, the Drinking Water SRF program's government agency and state and local government fixed income securities of \$50,265,254 were valued using pricing of similar assets in markets that were not active (Level 2 input).

As of September 30, 2020, the loan fund had the following investments:

Investment Type	Fair Value	Investment Maturities		
		<1 Year	1-5 Years	>5 Years
Gov't Agency & State and Local	\$50,265,254	\$8,452,536	\$36,886,933	\$4,925,785

**Note 3: Loans Receivable**

Loans receivable consist of three types: leveraged loans, reserve loans, and direct loans. Leveraged loans are funded by the sale of revenue bonds, the proceeds of which are deposited to a construction loan fund. Borrowers are loaned funds from the construction loan fund to pay for construction costs incurred. The terms of the loans mirror the terms of the bonds in order to provide the funds to pay bond interest and principal according to the terms of the bonds. In conjunction with the leveraged loan that funds construction, a reserve loan is made to provide an interest subsidy to the borrower and to provide security for bond principal and interest.

With direct loans, there is no bond sale directly related to the loan. The loans are funded directly from the federal capitalization grant or recycled monies.

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**Note 3: Loans Receivable (continued)**

The following details the three types of loans as of September 30, 2020:

<b>Loan Type</b>	<b>Loan Amount Authorized</b>	<b>Outstanding Balance</b>
Leveraged	\$250,735,000	\$ 53,065,000
Direct	195,682,700	130,333,276
Reserve	133,403,148	34,168,098
Total	<u>\$579,820,848</u>	217,566,374
Less Current Maturities		25,738,465
Loans Receivable, Net of Current Portion		<u>\$191,827,909</u>

Loans receivable activity during the year ended September 30, 2020, is summarized as follows:

<b>Type of Loan</b>	<b>Sept. 30, 2019</b>			<b>Sept. 30, 2020</b>
	<b>Balance</b>	<b>Disbursements</b>	<b>Repayments</b>	<b>Balance</b>
Leveraged Loans	\$ 66,325,000	\$ -	\$(13,260,000)	\$ 53,065,000
Direct Loans	131,452,840	6,581,971	(7,701,535)	130,333,276
Reserve Loans	41,554,186	-	(7,386,088)	34,168,098
	<u>\$239,332,026</u>	<u>\$ 6,581,971</u>	<u>\$(28,347,623)</u>	<u>\$217,566,374</u>

**Loan Maturities**

The scheduled principal payments in subsequent years are as follows:

<b>Year Ending Sept. 30</b>	<b>Leveraged</b>	<b>Direct</b>	<b>Reserve</b>	<b>Total</b>
2021	\$11,125,000	\$8,243,200	\$6,370,265	\$25,738,465
2022	10,290,000	8,489,528	6,173,492	24,953,020
2023	9,040,000	8,592,400	5,765,724	23,398,124
2024	8,105,000	8,750,700	5,554,575	22,410,275
2025	6,755,000	8,912,100	4,864,651	20,531,751
2026-2030	7,750,000	45,943,971	5,439,391	59,133,362
2031-2035	-	34,561,114	-	34,561,114
2036-2040	-	6,840,263	-	6,840,263
<b>Total</b>	<b>\$53,065,000</b>	<b>\$130,333,276</b>	<b>\$34,168,098</b>	<b>\$217,566,374</b>

**Missouri Department of Natural Resources**  
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**Note 3: Loans Receivable (continued)**

**Loans to Major Local Recipients**

As of September 30, 2020, the program had made loans to eight agencies that account for approximately 50 percent of the total loans receivable. The outstanding balances of the loans for these agencies are as follows:

<b>Borrower</b>	<b>Original Amount</b>	<b>Outstanding Principal Balance</b>	<b>Outstanding Reserve Balance</b>
Cape Girardeau	\$27,495,000	\$ 541,500	\$ -
Clarence Cannon WWC	23,980,000	8,225,300	2,672,229
Hannibal	12,960,000	10,378,700	-
Jefferson County Water Authority	20,167,000	5,092,200	1,879,080
Marshfield	12,474,000	3,845,067	-
Monett	13,012,000	7,757,500	-
Osage Beach	33,210,000	6,990,000	3,727,245
Tri-County Water Authority	77,427,000	45,573,000	11,463,023
<b>Total</b>	<b>\$220,725,000</b>	<b>\$ 88,403,267</b>	<b>\$19,741,577</b>

**Missouri Department of Natural Resources  
Drinking Water State Revolving Fund  
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**Note 4: Bonds Payable**

The Missouri Drinking Water SRF program issues revenue bonds as well as using federal capitalization grants and state matching funds to finance qualified projects. Bonds payable and loans receivable are recorded in the loan fund. Cash and project costs payable are recorded in the agency fund. For bond series 2008A, the reserves were fully funded on the day of bond closing, rather than being funded incrementally as construction funds are released. Interest earned on the construction loan fund and the reserve fund subsidizes the interest on the borrower's loan. As borrowers repay the loans, the interest and principal serve as the source of funds to pay bond principal and interest.

Beginning with bond series 2004C, state match bonds were issued by the EIERA in addition to leveraged bonds. Proceeds from both the state match bonds and the leveraged bonds are deposited into the borrowers' accounts at the trustee bank. The reserves for the leveraged bonds are then funded by federal capitalization grants or recycled funds.

In SFY 2011, revenue bond series 2010B was issued. In addition, the EIERA issued state match revenue bond series 2015A in SFY 2015 and state match revenue bond series 2018A in SFY 2018. Proceeds of this bond sale went to the recycled fund to provide additional funding for new loans. Proceeds from these bond sales were also deposited into the recycled fund to provide funding for new loans. These bond sales are different from previous bonds in that they were to provide additional funding that can be used to fund any loan being funded with recycled monies.

The principal and interest repayments on the program's direct loans have been pledged to make the principal and interest repayments on the bonds.

In addition to revenue bonds, there have been three state match general obligation bond issues. The state issued series A2002 to provide state match funding. In July 2010, the state issued series A2010, which partially refunded series A2002. In September 2012, the state issued series A2012 which refunded the rest of series A2002.

As of September 30, 2020, 23 separate revenue bond series remain outstanding, which have a total outstanding balance of \$68,150,000. The individual series, outstanding balances, and principal due included:

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**Note 4: Bonds Payable (continued)**

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 2000B interest of 4.5% to 5.625% due semi-annually, principal due annually to July 2021.	\$ 6,810,000	\$ 15,000	\$ 15,000	3.37
Revenue Bond Series 2001A interest of 4.0% to 5.0% due semi-annually, principal due annually to January 2022.	6,295,000	15,000	10,000	2.93
Revenue Bond Series 2001C interest of 3.0% to 5.375% due semi-annually, principal due annually to July 2023.	23,400,000	320,000	125,000	3.45
Revenue Bond Series 2002A interest of 2.0% to 5.375% due semi-annually, principal due annually to January 2023.	10,370,000	115,000	55,000	2.43
Revenue Bond Series 2002B interest of 2.0% to 5.5% due semi-annually, principal due annually to July 2023.	26,705,000	135,000	85,000	2.43
Revenue Bond Series 2003B interest of 2.0% to 5.125% due semi-annually, principal due annually to January 2024.	11,445,000	205,000	75,000	2.18
Revenue Bond Series 2003C interest of 2.0% to 5.0% due semi-annually, principal due annually to July 2023. 2003C Leveraged Portion 2003C State Match Portion	11,290,000 9,795,000 1,495,000	70,000 10,000 60,000	30,000 0 30,000	1.70
Revenue Bond Series 2004A interest of 2.0% to 5.0% due semi-annually, principal due annually to July 2021. (Refunding Bonds)	17,325,000	280,000	280,000	n/a
Revenue Bond Series 2004B interest of 2.0% to 5.25% due semi-annually, principal due annually to January 2024. 2004B Leveraged Portion 2004B State Match Portion	3,605,000 2,950,000 655,000	1,185,000 1,120,000 65,000	290,000 265,000 25,000	1.63
Revenue Bond Series 2004C interest of 3.0% to 5.25% due semi-annually, principal due annually to January 2026. 2004C Leveraged Portion 2004C State Match Portion	9,720,000 7,865,000 1,855,000	585,000 405,000 180,000	410,000 355,000 55,000	1.63

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**Note 4: Bonds Payable (continued)**

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 2005A interest of 3.0% to 5.0% due semi-annually, principal due annually to July 2025.	28,105,000	815,000	255,000	1.77
2005A Leveraged Portion	22,745,000	190,000	60,000	
2005A State Match Portion	5,360,000	625,000	195,000	
Revenue Bond Series 2005C interest of 3.25% to 5.25% due semi-annually, principal due annually to July 2026.	29,780,000	1,565,000	315,000	1.34
2005C Leveraged Portion	23,930,000	565,000	75,000	
2005C State Match Portion	5,850,000	1,000,000	240,000	
Revenue Bond Series 2006A interest of 3.6% to 5.25% due semi-annually, principal due annually to July 2026.	2,000,000	70,000	20,000	1.55
2006A Leveraged Portion	1,610,000	25,000	5,000	
2006A State Match Portion	390,000	45,000	15,000	
Revenue Bond Series 2006B interest of 4.0% to 5.0% due semi-annually, principal due annually to July 2027.	2,295,000	105,000	25,000	1.58
2006B Leveraged Portion	1,960,000	45,000	10,000	
2006B State Match Portion	335,000	60,000	15,000	
Revenue Bond Series 2007B interest of 4.0% to 5.0% due semi-annually, principal due annually to January 2026.	385,000	20,000	5,000	1.51
Revenue Bond Series 2008A interest of 4.0% to 5.75% due semi-annually, principal due annually to January 2029.	10,805,000	930,000	155,000	1.63
2008A Leveraged Portion	9,255,000	485,000	75,000	
2008A State Match Portion	1,550,000	445,000	80,000	
Revenue Bond Series 2010B interest of 2.0% to 5.0% due semi-annually, principal due annually to July 2030.	12,605,000	2,730,000	665,000	n/a
2010B Leveraged Portion	7,860,000	1,210,000	400,000	
2010B State Match Portion	4,745,000	1,520,000	265,000	
Revenue Bond Series 2011A interest of 2.0% to 5.0% due semi-annually, principal due annually to January 2024. (Refunding Bonds)	10,480,000	5,665,000	435,000	n/a
Revenue Bond Series 2013A interest of 2.0% to 5.0% due semi-annually, principal due annually to January 2027. (Refunding Bonds)	35,630,000	21,075,000	4,225,000	n/a

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**Note 4: Bonds Payable (continued)**

Series	Amount Issued	Outstanding Balance	Current Portion	Effective Rate to Community
Revenue Bond Series 2015A interest of 1.5% to 5.0% due semi-annually, principal due semi-annually to January 2036. (State Match)	5,975,000	3,545,000	395,000	n/a
Revenue Bond Series 2015B interest of 3.5% to 5.0% due semi-annually, principal due annually to January 2030. (Refunding Bonds)	19,565,000	15,490,000	960,000	n/a
2015B Leveraged Portion	18,905,000	15,175,000	885,000	
2015B State Match Portion	660,000	315,000	75,000	
Revenue Bond Series 2018A interest of 1.5% to 5.0% due semi-annually, principal due semi-annually to July 2038. (State Match)	10,020,000	7,555,000	1,355,000	n/a
Revenue Bond Series 2020A interest of 5.0% due semi-annually, principal due semi-annually to January 2024. (Refunding Bonds)	8,735,000	5,660,000	2,975,000	n/a
Total Revenue Bonds	\$303,345,000	\$68,150,000	\$13,160,000	

Series	Amount Issued	Outstanding Balance	Current Portion
Leveraged Bonds	\$264,455,000	\$52,735,000	\$10,415,000
State Match Bonds	38,890,000	15,415,000	2,745,000
Premium on Bonds	-	5,020,634	1,399,620
Total Revenue Bonds	\$303,345,000	\$73,170,634	\$14,559,620

Bond activity during the year ended September 30, 2020, is summarized as follows:

Series	Sept. 30, 2019 Balance	Repayments	New Issues	Sept. 30, 2020 Balance
Leveraged Bonds	\$67,305,000	\$(22,985,000)	\$ 8,415,000	\$52,735,000
State Match Bonds	18,250,000	(2,835,000)	-	15,415,000
Premium on Bonds	6,184,144	(1,587,902)	424,392	5,020,634
Total Revenue Bonds	\$91,739,144	\$(27,407,902)	\$ 8,839,392	\$73,170,634

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**Note 4: Bonds Payable (continued)**

The required annual payments, not including premium and deferred amounts, for all revenue bonds in subsequent fiscal years are as follows:

Leveraged Bonds

<b>Year Ending Sept. 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$10,415,000	\$ 2,450,616	\$12,865,616
2022	9,475,000	1,934,051	11,409,051
2023	8,425,000	1,473,562	9,898,562
2024	7,945,000	1,059,773	9,004,773
2025	6,645,000	708,114	7,353,114
2026-2030	9,830,000	709,149	10,539,149
Leveraged Bonds Total	<u>\$52,735,000</u>	<u>\$8,335,265</u>	<u>\$61,070,265</u>

Match Bonds

<b>Year Ending Sept. 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 2,745,000	\$ 706,795	\$ 3,451,795
2022	2,445,000	580,449	3,025,449
2023	2,125,000	464,486	2,589,486
2024	1,780,000	364,671	2,144,671
2025	1,415,000	279,235	1,694,235
2026-2030	3,495,000	676,998	4,171,998
2031-2035	1,325,000	134,794	1,459,794
2036-2040	85,000	2,738	87,738
Match Bonds Total	<u>\$15,415,000</u>	<u>\$3,210,166</u>	<u>\$18,625,166</u>

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**Note 4: Bonds Payable (continued)**

**Advance Refundings**

Six separate refunding bond series (Series 2004A, 2010A, 2011A, 2013A, 2015B, and 2020A) totaling \$127,335,000 have been issued to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in irrevocable trusts for the purpose of generating resources for future debt service payments of \$134,452,450 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. As of September 30, 2020, the amount of refunded bonds that had yet to be called totaled \$4,230,000.

**Note 5: Arbitrage Rebate**

In accordance with Internal Revenue Code Section 148(f) relating to arbitrage restrictions on tax-exempt bonds, an arbitrage rebate payable of \$168,149 has been recorded. This liability is cumulative for the Series 2018A bonds. The portion of this pending rebate of excess investment earnings that is attributable to this series is due no later than 60 days after each installment computation date. The next annual rebate computation date will be July 1, 2021.

**Note 6: Pension Plan**

**Plan Description**

Benefit eligible employees of the Department are provided with pensions through Missouri State Employees' Plan (MSEP) - a cost-sharing multiple-employer defined benefit pension plan administered by MOSERS. The plans are referred to as MOSERS in the notes. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at [www.mosers.org](http://www.mosers.org).

**Benefits Provided**

MOSERS provides retirement, survivor, and disability benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the two plans administered by MOSERS (MSEP and MSEP 2000 (MSEP 2011 is a tier of the MSEP 2000 plan)) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR at [www.mosers.org](http://www.mosers.org).

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**Note 6: Pension Plan (continued)**

**Contributions**

Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The Drinking Water SRF program's required contribution rate for the year ended June 30, 2020, was 21.77 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from the Drinking Water SRF program were \$379,704 for the fiscal year ended September 30, 2020.

**Net Pension Liability**

At September 30, 2020, a liability was reported of \$6,158,543 for the Drinking Water SRF program's proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was offset by the fiduciary net position obtained from MOSERS CAFR as of June 30, 2019, to determine the net pension liability.

The Drinking Water SRF program's proportion of the net pension liability was based on the Department's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2019. At the June 30, 2019, measurement date, the Drinking Water SRF program's proportion was 0.1019 percent, a decrease from its proportion measured using 0.1028 percent as of June 30, 2018, measurement date.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2019, that affected the measurement of total pension liability.

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**Note 6: Pension Plan (continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.35%
Salary Increases	2.85% to 8.35% including inflation
Wage Inflation	2.35%
Investment Rate of Return	7.10%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015. In addition, the investment return assumption was reduced from 7.25 percent to 7.10 percent for the June 30, 2019 valuation. Other assumption changes were decreases in the payroll and wage growth assumptions.

**Mortality**

Mortality rates for post-retirement mortality are based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120 percent. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95 percent for males and 90 percent for females.

**Long-Term Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation, volatility, and correlation. Best estimates of the real rates of return expected for each major asset class included in MOSERS target asset allocation as of June 30, 2019, are summarized in the following table:

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**Note 6: Pension Plan (continued)**

Asset Class	Policy Allocation	Long-term Expected Nominal Return*	Weighted Average Long-term Expected Nominal Return
Global public equities	30.0%	7.7%	2.3%
Global private equities	15.0%	9.3%	1.4%
Long treasuries	25.0%	3.5%	0.9%
Core bonds	10.0%	3.1%	0.3%
Commodities	5.0%	5.5%	0.3%
TIPS	25.0%	2.7%	0.7%
Private real assets	5.0%	7.1%	0.3%
Public real assets	5.0%	7.7%	0.4%
Hedge funds	5.0%	4.8%	0.2%
Alternative beta	10.0%	5.3%	0.5%
Private credit	5.0%	9.5%	0.5%
Cash and cash equivalents**	(40.0)%	-	-%
Total	<u>100.0%</u>		<u>7.8%</u>

\*Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for each portfolio.

\*\*Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made using the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Drinking Water SRF Program's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Drinking Water SRF program's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Drinking Water SRF program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

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**Note 6: Pension Plan (continued)**

	Current	1% Decrease (6.10%)	Discount Rate (7.10%)	1% Increase (8.10%)
Drinking Water SRF program's proportionate share of the net pension liability		\$7,769,296	\$6,158,543	\$4,804,291

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS comprehensive annual financial report, which may be requested from Missouri State Employees' Retirement System, P.O. Box 209, Jefferson City, MO 65102-0209 or viewed on [www.mosers.org](http://www.mosers.org).

**Pension Expense**

For the year ended September 30, 2020, the Drinking Water SRF program recognized pension expense of \$1,204,374.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At September 30, 2020, the Drinking Water SRF program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,104	\$ (67,707)
Changes of assumptions	224,205	5,024
Net difference between projected and actual earnings on pension plan investments	391,326	32,096
Changes in proportion and differences between Drinking Water SRF program contributions and proportionate share of contributions	31,124	568
Drinking Water SRF program contributions subsequent to the measurement date of June 30, 2019	353,730	-
<b>Total</b>	<b>\$1,002,489</b>	<b>\$ (30,019)</b>

The Drinking Water SRF program reported \$353,730 as deferred outflows of resources related to pensions resulting from Drinking Water SRF program contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending September 30, 2021, of the Drinking Water SRF program's financial

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**Note 6: Pension Plan (continued)**

statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the Drinking Water SRF program's fiscal year following MOSERS' fiscal year as follows:

Plan year ending September 30:

2021	\$342,857
2022	174,866
2023	54,577
2024	46,440
Total	<u>\$618,740</u>

**Payables to the Pension Plan**

As of September 30, 2020, the Drinking Water SRF program had payables of \$48,920 to MOSERS because of benefits accrued for the September 16, 2020 payroll that were not paid until after this reporting period, but earned during the reporting period.

**Note 7: Other Post-Employment Benefits Plan (OPEB)**

**Plan Description**

The Missouri Consolidated Health Care Plan (MCHCP) operates a cost-sharing multiple employer, defined benefit OPEB plan, the State Retiree Welfare Benefit Trust (SRWBT or the Plan). Employees may participate at retirement if eligible to receive a monthly retirement benefit from either the Missouri Employees' Retirement System (MOSERS) or another retirement system whose members are grandfathered for coverage under the Plan by law. The terms and conditions governing postemployment benefits are vested with the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178. MCHCP is considered a component unit of the State of Missouri reporting entity and is included in the state's financial report. The Plan's financial statements are available on MCHCP's website at [www.mchcp.org/aboutUs/annualReport.asp](http://www.mchcp.org/aboutUs/annualReport.asp). The SRWBT does not issue a standalone financial report.

**Benefits Provided**

The SRWBT was established and organized on June 27, 2008, pursuant to the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178 to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the state and their dependents who meet eligibility requirements except for those retired

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**Note 7: Other Post-Employment Benefits Plan (continued)**

members covered by other OPEB plans of the state. MCHCP's three medical plans offer the same, basic coverage such as preventative care, freedom to choose care from a nationwide network of primary care providers, specialists, pharmacies and hospitals, usually at a lower negotiated group discount and the same covered benefits for both medical and pharmacy. Benefits are the same in all three plans, while other aspects differ such as premium, deductible and out-of-pocket costs. Retiree benefits are the same as for active employees. At the participant census date of July 1, 2018, membership information for the entire SRWBT consisted of the following:

Active employees – 40,453

Participants and Spouses in payment status – 21,132

Participants with a deferred benefit – 79

Disabled participants – 90

Note: Membership information for Drinking Water SRF program employees alone is not available.

**Contributions**

Contributions are established and may be amended by the MCHCP Board of Trustees with the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended (“RSMo”) 103.003 through 103.178. For the fiscal year ended June 30, 2019, employers were required to contribute 4.99 percent for the period July 1, 2018, through January 31, 2019, 6.19 percent for the period February 15, 2019 through April 15, 2019, and 4.33 percent for the period April 30, 2019, through June 30, 2019, of gross active employee payroll toward their required contributions.

Contributions to the OPEB plan from the Drinking Water SRF program were \$4,471 for the fiscal year ended September 30, 2020.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At September 30, 2020, a liability was reported of \$151,204 for the Drinking Water SRF program’s proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The Drinking Water SRF program’s proportion of the net OPEB liability was based on the Department’s share of covered payroll in the OPEB plan relative to the covered payroll of the State of Missouri. At June 30, 2019, the Drinking Water SRF program’s proportion was 0.0085 percent.

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**Note 7: Other Post-Employment Benefits Plan (continued)**

For the year ended September 30, 2020, the Drinking Water SRF program recognized OPEB expense of \$3,323. At September 30, 2020, the Drinking Water SRF program reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,390	\$(1,463)
Changes of assumptions	-	(4,296)
Net difference between projected and actual earnings on OPEB plan investments	167	(2)
Changes in proportion and differences between employer contributions and proportionate share of contributions	26	-
Employer contributions subsequent to the measurement date	4,973	-
Total	\$8,556	\$(5,761)

\$4,973 reported as deferred outflows of resources related to OPEB resulting from Drinking Water SRF program contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

**Year ending June 30:**

2021	\$(298)
2022	(298)
2023	(296)
2024	(341)
2025	(355)
Thereafter	(590)
Total	\$(2,178)

**Actuarial Assumptions**

Actuarial valuations for the SRWBT involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation to determine the SRWBT's total OPEB liability is required to be performed at least every two years. The SRWBT valuation is performed annually, but should the valuation not be performed as of the fiscal year end, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the SRWBT plan's fiscal year end. Projections of

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**Note 7: Other Post-Employment Benefits Plan (continued)**

benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. The collective total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, with updated procedures used to roll forward the total OPEB liability to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Actuarial Assumptions	
Inflation rate	3.00%
Discount rate	5.24%
Projected payroll growth rate	4.00%
Actuarial cost method	Entry age normal, level percentage of payroll
Asset valuation method	Market value

Health care cost trend rate (medical & prescription drugs combined): Non-Medicare is 6.00 percent for fiscal year 2019; the rate decreases by 0.25 percent per year to an ultimate rate of 5.0 percent in fiscal year 2023 and later. Medicare is 10.00 percent for fiscal year 2019 and 2020, 22.00 percent for fiscal year 2021, 10.00 percent for fiscal year 2022 and 2023, 9.5 percent for fiscal year 2024, 9.00 percent for fiscal year 2025, 8.5 percent for fiscal year 2026, and 8.00 percent for fiscal year 2027; the rate then decreases by 1.00 percent per year to an ultimate rate of 5.00 percent in fiscal year 2030 and after.

Mortality: RP-2016 for Employees/Annuitants without collar adjustments using Scale MP-2016. The last experience study was conducted for the period July 1, 2008 through June 30, 2012. The last independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations was conducted as of June 30, 2019.

**Long-Term Expected Rate of Return**

The target allocation and best estimates of arithmetic real rate of returns for each major asset class are listed in the following table:

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**Note 7: Other Post-Employment Benefits Plan (continued)**

Asset Class	Target Allocation	Expected Real Return
Large cap stocks	16.0%	8.5%
Mid cap stocks	7.0%	8.8%
Small cap stocks	7.0%	8.8%
High-yield bonds	5.0%	9.0%
BarCap aggregate bonds	63.0%	3.7%
Cash equivalents	2.0%	3.3%

**Discount Rate**

A discount rate of 5.24 percent was used to measure the total OPEB liability. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. This discount rate was determined as a blend of the best estimate of the expected return on plan assets and the 20-year high quality municipal bond rate as of the measurement date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal Bond Buyer 20-Bond General Obligation Index rate is utilized.

**Sensitivity of the Drinking Water SRF Program’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

As required by GASB Statement No. 75, the following table presents the Drinking Water SRF program’s proportionate share of the net OPEB liability, calculated using a discount rate of 5.24 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease in Discount Rate (4.24%)</b>	<b>Current Discount Rate (5.24%)</b>	<b>1% Increase in Discount Rate (6.24%)</b>
Drinking Water SRF Program’s Proportionate Share of the Net OPEB Liability	\$179,445	\$151,204	\$128,845

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**Note 7: Other Post-Employment Benefits Plan (continued)**

**Sensitivity of the Drinking Water SRF Program’s Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

The following presents the Drinking Water SRF program’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the Drinking Water SRF program’s proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Drinking Water SRF Program’s Proportionate Share of the Net OPEB Liability	\$127,148	\$151,204	\$181,784

**Note 8: Net Position**

The net position of the program is all restricted. The program’s enabling legislation and related regulations require that all money in the fund be used only for purposes of the program. The program is capitalized by grants from the EPA, authorized by Section 1452 of the SDWA, and matching funds from the State of Missouri. As of September 30, 2020, the EPA has awarded capitalization grants totaling \$416,722,331 of which \$355,444,667 has been drawn. During 2013, \$18,500,000 of capitalization grant funds were transferred to the Clean Water SRF program. The in-kind amounts of \$1,444 on the FS997629-00, \$100,000 each for the FS997629-06 and FS997629-08 grants, and \$74,397 for the FS997629-11 grant are not available to be drawn. The adjusted award amount after subtracting the transfer and in-kind amounts totaled \$397,946,490. Also, in 2014, \$5,000 was rescinded from the grant.

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**Note 8: Net Position (continued)**

The following table summarizes the capitalization grants awarded, amounts drawn on each grant, and balances available:

<b>Grant ID</b>	<b>Grant Amount*</b>	<b>Total Draws Sept. 30, 2019</b>	<b>2020 Draws</b>	<b>Total Draws Sept. 30, 2020</b>	<b>Available Sept. 30, 2020</b>
FS997629-97	\$21,856,417	\$21,856,417	\$ -	\$21,856,417	\$ -
FS997629-98	9,572,970	9,572,970	-	9,572,970	-
FS997629-99	10,034,771	10,034,771	-	10,034,771	-
FS997629-00	10,428,256	10,428,256	-	10,428,256	-
FS997629-01	10,472,900	10,472,900	-	10,472,900	-
FS997629-02	11,702,600	11,702,600	-	11,702,600	-
FS997629-03	11,633,700	11,633,700	-	11,633,700	-
FS997629-04	12,066,800	12,066,800	-	12,066,800	-
FS997629-05	12,041,273	12,041,273	-	12,041,273	-
FS997629-06	15,878,200	15,878,200	-	15,878,200	-
FS997629-07	12,578,000	12,578,000	-	12,578,000	-
FS997629-08	10,616,000	10,616,000	-	10,616,000	-
FS997629-09	10,616,000	10,616,000	-	10,616,000	-
FS997629-10	21,434,000	21,434,000	-	21,434,000	-
2F977082-01	37,862,000	37,862,000	-	37,862,000	-
FS997629-11	18,129,603	18,129,603	-	18,129,603	-
FS997629-12	17,348,000	17,348,000	-	17,348,000	-
FS997629-13	16,277,000	16,277,000	-	16,277,000	-
FS997629-14	17,850,000	17,850,000	-	17,850,000	-
FS997629-15	17,738,000	17,738,000	-	17,738,000	-
FS997629-16	16,781,000	16,781,000	-	16,781,000	-
FS997629-17	16,637,000	16,633,478	3,522	16,637,000	-
FS997629-18	19,582,000	2,331,137	11,995,332	14,326,469	5,255,531
FS997629-19	19,399,000	-	1,563,708	1,563,708	17,835,292
FS997629-20	19,411,000	-	-	-	19,411,000
<b>Total</b>	<b>\$397,946,490</b>	<b>\$341,882,105</b>	<b>\$13,562,562</b>	<b>\$355,444,667</b>	<b>\$42,501,823</b>

\*This table reflects adjusted grant amounts as detailed in the paragraph above.

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**Note 8: Net Position (continued)**

As of September 30, 2020, state matching contributions were as follows:

	Sept.30, 2019	2020 Contribution	Sept.30, 2020
State Appropriations	\$15,504,549	\$ -	\$15,504,549
State Match Bonds (sold by EIERA)	35,189,600	3,879,800	39,069,400
State Match Administration Fee	10,231,200	- -	10,231,200
Rural Water Grants	7,085,242	- -	7,085,242
Total State Match	<u>\$68,010,591</u>	<u>\$3,879,800</u>	<u>\$71,890,391</u>

The state match bonds sold by EIERA are being repaid with Drinking Water SRF program interest earnings and are not contributions to fund equity. The state match provided by the Rural Water Grants are not contributions to fund equity as these grants were funded by proceeds from Missouri state bond sales prior to 2012. The state match from administration fees is a contribution to loan fund equity.

**Note 9: Set-Aside Costs**

The Federal SDWA allows states to reserve, or “set aside” up to 31 percent of the capitalization grant to implement and maintain activities to help public water systems provide safe drinking water to the public. The SDWA establishes four categories of set-asides and sets a maximum amount for each. In FFY 2020, the Department reserved 31 percent of the FFY 2020 grant for set-aside activities.

**Set-Aside Capitalization Grant Balances**

The following capitalization grants have balances available to draw for set-aside activities that are detailed by set-aside category of available funding.

Grant	Program Administration and Technical Assistance	Small System Technical Assistance	Public Water System Supervision	Local Assistance and Other State Programs	Total Funds Available
2018	\$ 9,101	\$ 900	\$ 52,521	\$ -	\$ 62,522
2019	526,444	350,265	1,829,938	1,743,334	4,449,981
2020	776,400	388,220	1,941,000	2,911,650	6,017,270
Total	\$1,311,945	\$739,385	\$3,823,459	\$4,654,984	\$10,529,773

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**Note 9: Set-Aside Costs (continued)**

**Set-Aside Federal Draws**

The table below identifies the total amounts drawn from each of the capitalization grants for set-aside activities as of September 30, 2020:

<b>Grant</b>	<b>Program Administration and Technical Assistance</b>	<b>Small Systems Technical Assistance</b>	<b>Public Water System Supervision</b>	<b>Local Assistance and Other State Programs</b>	<b>Total Set-Aside</b>
1997	\$874,304	\$436,780	\$1,435,760	\$1,834,798	\$4,581,642
1998	382,996	191,227	956,241	-	1,530,464
1999	401,416	200,704	1,003,034	-	1,605,154
2000	350,092	207,835	1,043,573	-	1,601,500
2001	414,990	209,110	1,043,225	-	1,667,325
2002	133,446	110,994	826,088	443,559	1,514,087
2003	454,980	227,490	1,137,450	568,725	2,388,645
2004	482,672	241,336	1,206,680	603,340	2,534,028
2005	481,652	240,777	1,204,130	1,204,152	3,130,711
2006	539,128	319,564	1,297,820	1,397,820	3,554,332
2007	639,120	319,560	1,597,800	798,900	3,355,380
2008	632,640	316,320	1,581,600	1,581,600	4,112,160
2009	632,640	316,320	1,581,600	1,581,600	4,112,160
ARRA	700,000	757,240	-	-	1,457,240
2010	1,049,360	524,680	2,623,400	3,935,100	8,132,540
2011	728,160	364,080	1,820,400	2,730,600	5,643,240
2012	693,920	346,960	1,734,800	2,602,199	5,377,879
2013	651,080	325,540	1,627,700	2,441,550	5,045,870
2014	709,200	357,100	1,785,500	2,678,250	5,530,050
2015	709,520	352,896	1,773,800	2,660,700	5,496,916
2016	671,240	335,620	1,678,100	2,517,150	5,202,110
2017	665,480	332,740	1,663,700	2,495,550	5,157,470
2018	774,179	390,740	1,905,679	2,937,300	6,007,898
2019	249,516	37,715	109,962	1,166,516	1,563,709
<b>Total</b>	<b>\$14,021,731</b>	<b>\$7,463,328</b>	<b>\$32,638,042</b>	<b>\$36,179,409</b>	<b>\$90,302,510</b>

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**Note 10: Contingencies**

The program is exposed to various risks of loss related to torts, theft of assets, errors or omissions, injuries to state employees while performing program business, or acts of God. The program maintains insurance through the State of Missouri for all risks of loss, which is included in the indirect costs allocated to the program. There have not been any claims against the program since its inception in 1997.

**Note 11: Subsequent Events**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Drinking Water SRF program operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the Drinking Water SRF program.

Accordingly, while management has not documented any financial and other impacts to the Drinking Water SRF program as of September 30, 2020, management believes that a material impact on the Drinking Water SRF program's financial position and results of future operations is reasonably possible.

On October 14, 2020, the Department made available a Drinking Water SRF grant allocation for Engineering Report Grants (formerly funded by set-aside funding). These new grant allocations will provide additional grant opportunities for political subdivisions.

On December 3, 2020, the Environmental Improvement and Energy Resources Authority issued taxable refunding revenue bond series 2020B in the amount of \$100,760,000 for the Clean Water and Drinking Water SRF programs. The bond refunding will generate over \$5.1 million in savings for the programs.

**Missouri Department of Natural Resources Drinking  
Water State Revolving Fund  
Required Supplementary Information – Pension  
Exhibit 7 – Unaudited**

**Schedule of Proportionate Share of the Net Pension Liability Last 10 Fiscal Years\***

	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
Drinking Water SRF program's proportion of the net pension liability	0.0998%	0.1000%	0.1053%	0.1051%	0.1028%	0.1019%
Drinking Water SRF's program's proportionate share of the net pension liability	\$2,329,478	\$3,212,154	\$4,886,362	\$5,470,108	\$5,735,514	\$6,158,543
Drinking Water SRF's program's covered payroll	\$1,910,240	\$2,017,167	\$2,260,253	\$2,210,056	\$2,135,717	\$1,878,793
Drinking Water SRF program's proportionate share of the net pension liability as a percentage of its covered payroll	120.95%	164.35%	216.19%	247.51%	268.55%	327.79%
Plan fiduciary net position as a percentage of the total pension liability	79.49%	72.62%	63.60%	60.41%	59.02%	56.72%

\*Figures are based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**Schedule of Agency Contributions Last 10 Fiscal Years\***

	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
Required contribution	\$318,628	\$342,111	\$383,339	\$375,047	\$415,397	\$379,704
Contributions in relation to the required contribution	\$318,628	\$342,111	\$383,339	\$375,047	\$415,397	\$379,704
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Drinking Water SRF program's covered payroll	\$1,910,240	\$2,017,167	\$2,260,253	\$2,210,059	\$2,135,717	\$1,878,793
Contributions as a percentage of covered payroll	16.68%	16.96%	16.96%	16.97%	19.45%	20.21%

\*Figures are based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**Notes to the Schedule:**

**Changes of benefit terms:** There were no changes in benefit terms.

**Changes of assumptions:** The board reduced the investment return assumption used in the June 30, 2019 valuation to 7.10 percent.

**Missouri Department of Natural Resources Drinking  
Water State Revolving Fund  
Required Supplementary Information – OPEB  
Exhibit 8 – Unaudited**

**Schedule of the Drinking Water SRF Program's Proportionate Share of the Net OPEB Liability  
Last 10 Fiscal Years\***

Missouri Consolidated Health Care Plan	2018*	2019*	2020*
Drinking Water SRF program's proportion of the collective net OPEB liability	0.0085%	0.0086%	0.0085%
Drinking Water SRF program's proportionate share of the collective net OPEB liability	\$150,347	\$149,928	\$151,204
Drinking Water SRF program's covered payroll	\$33,512	\$23,008	\$22,123
Drinking Water SRF program's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	448.64%	651.64%	683.48%
Plan fiduciary net position as a percentage of the total OPEB liability	6.64%	6.90%	7.31%

\* This schedule is ultimately required to show information for ten years. Only the data for the years currently available is displayed.

**Notes to the Schedule:**

**Changes of benefit terms:** There was no change in benefit terms.

**Changes of assumptions:** The discount rate changed from 5.90 percent to 5.24 percent in the June 30, 2019 valuation. The expected return on asset assumption was changed from 6.5 percent to 5.5 percent.

**Schedule of Drinking Water SRF Program Contributions Last 10 Fiscal Years\***

	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2019	Fiscal Year Ended September 30, 2020
Contractually required contribution	\$ 5,687	\$ 4,475	\$ 4,471
Contributions in relation to the required contribution	\$ 5,687	\$ 4,475	\$ 4,471
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Drinking Water SRF Program's covered payroll	\$33,512	\$23,008	\$22,123
Contributions as a percentage of covered payroll	16.97%	19.45%	20.21%

\* This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed.

**Exhibit 9**

Drinking Water SRF Source and Distribution of Loan Administration Fees Fund 0568					
For Reporting Period of October 1, 2019 through September 30, 2020					
FFY 2020 Reporting Period Income	Program Income Earned During Grant Period	Program Income Earned After Grant Period	Non-Program Income	DW Capitalization Grant Match	Total
Income Interest Earnings	\$ 95,943	\$ 682,755	\$ 194,139	\$ -	\$ 972,837
	19,765	16,193	5,207	-	41,165
	<b>Total</b> \$ 115,708	<b>\$ 698,948</b>	<b>\$ 199,346</b>	<b>\$ -</b>	<b>\$ 1,014,002</b>
FFY 2020 Reporting Period Expenses					
Personnel Services Fringe Equipment & Expenses DNR Transfers ITSD Transfers HB 13 Transfers	\$ (17,848)	\$ (27,712)	\$ -	\$ -	\$ (45,560)
	(10,113)	(15,368)	-	-	(25,481)
	(3,612)	1,119	-	-	(2,493)
	(3,984)	(5,079)	-	-	(9,063)
	(2,587)	(3,538)	-	-	(6,125)
	(82)	(112)	-	-	(194)
<b>Total</b>	<b>\$ (38,226)</b>	<b>\$ (50,690)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (88,916)</b>
<b>Total</b>	<b>\$ 77,482</b>	<b>\$ 648,258</b>	<b>\$ 199,346</b>	<b>\$ -</b>	<b>\$ 925,086</b>





Water Protection - Financial Assistance Center

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